

# THE NATION'S BUSINESS

**T**HE Railroad bills now before Congress propose that after the carriers go back to their owners they be permitted to combine into strong, competing systems, so laid out as to best serve the country's interest. Much has been said and written about the subject but its formidable nature has heretofore discouraged anything but general discussion. We reproduce in this issue the first definite plan for the consolidations. It has been presented to Congress and is believed to mark the first step in the re-grouping of the lines.





# The United States Rubber Company Announces a Grainless Rubber Compound For Solid Truck Tires

The United States Rubber Company has now perfected a method of compounding rubber by means of which the grain is entirely eliminated. For years rubber manufacturers have been experimenting to develop such a compound.

It is this "grain" in rubber—similar to the grain in lumber—that is largely responsible for the splitting and cracking of solid tires.

Rubber with a grain naturally splits or pulls apart along the lines of the grain when subjected to heavy load strain and road impact.

The new rubber compound *without grain* eliminates entirely any tendency to split, because it does away with the points where splitting *starts*. It has no weak spots.

A solid tire made of grainless rubber compound has none of the tread defects of the ordinary solid truck tire.

This new method of producing a grainless rubber compound, and this company's new process of vulcanizing the rubber to the steel base, together have produced a solid truck tire the exceptional quality of which has already been proven by performance.

This quality is backed by the good faith of the United States Rubber Company, the oldest and largest rubber manufacturing company in the world.

## United States Tires are Good Tires





# LIQUID TRANSPORTATION

## Oil is Power

Every business man and every citizen has a personal interest in the transportation of liquids.

The transportation of crude oil brings power—cheaper power. It cuts the power plants' charges, cuts factory costs, lowers prices. Oil is an asset of the citizen's—of the community's—of the nation's.

The General American Tank Car Corporation is a prime factor in the transportation of this essential fluid. The thousands upon thousands of "GATX" cars constitute an arterial system through which the vital fluid flows to supply the power-heart of industry. So this one great organization actually becomes a national asset also.

## The Buyer's Asset

The engineering skill and knowledge the General American Tank Car Corporation comprises is an enormous asset to all buyers and users of tank cars. They have developed the standards for all liquid transportation, they have solved numberless special transportation problems.

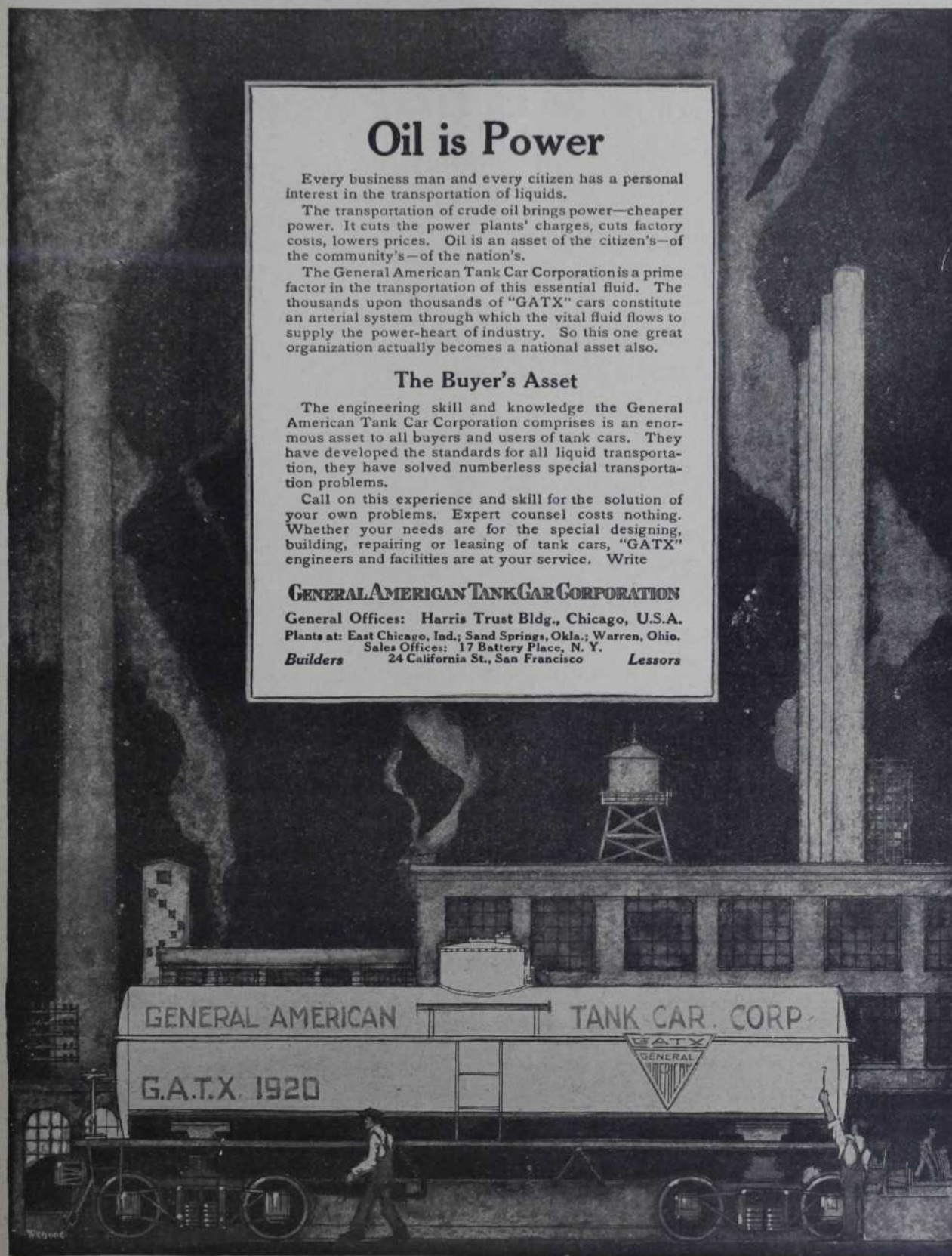
Call on this experience and skill for the solution of your own problems. Expert counsel costs nothing. Whether your needs are for the special designing, building, repairing or leasing of tank cars, "GATX" engineers and facilities are at your service. Write

## GENERAL AMERICAN TANK CAR CORPORATION

General Offices: Harris Trust Bldg., Chicago, U.S.A.

Plants at: East Chicago, Ind.; Sand Springs, Okla.; Warren, Ohio.

Sales Offices: 17 Battery Place, N. Y.  
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# Ocean Highway-or Dog Team Trail---

Wherever merchandise is transported, you'll find **H & D Corrugated Fibre Boxes** doing their big part toward making the shipping of merchandise safer and less expensive.

On swaying, clanking freight trains; on noisy river steamers; on huge lake freighters, ploughing their way from port to port; and overland, by truck, burro and dog team—by every conceivable conveyance, the **strong, resilient shock-absorbing, cushioned walls of H & D Boxes** amply protect merchandise of every kind.

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Why not let these experts help solve your packing problems? Send them a sample of your product—**collect**—and if there is a better way to pack it, they will find it and return your sample to you—**prepaid—H & D packed.**

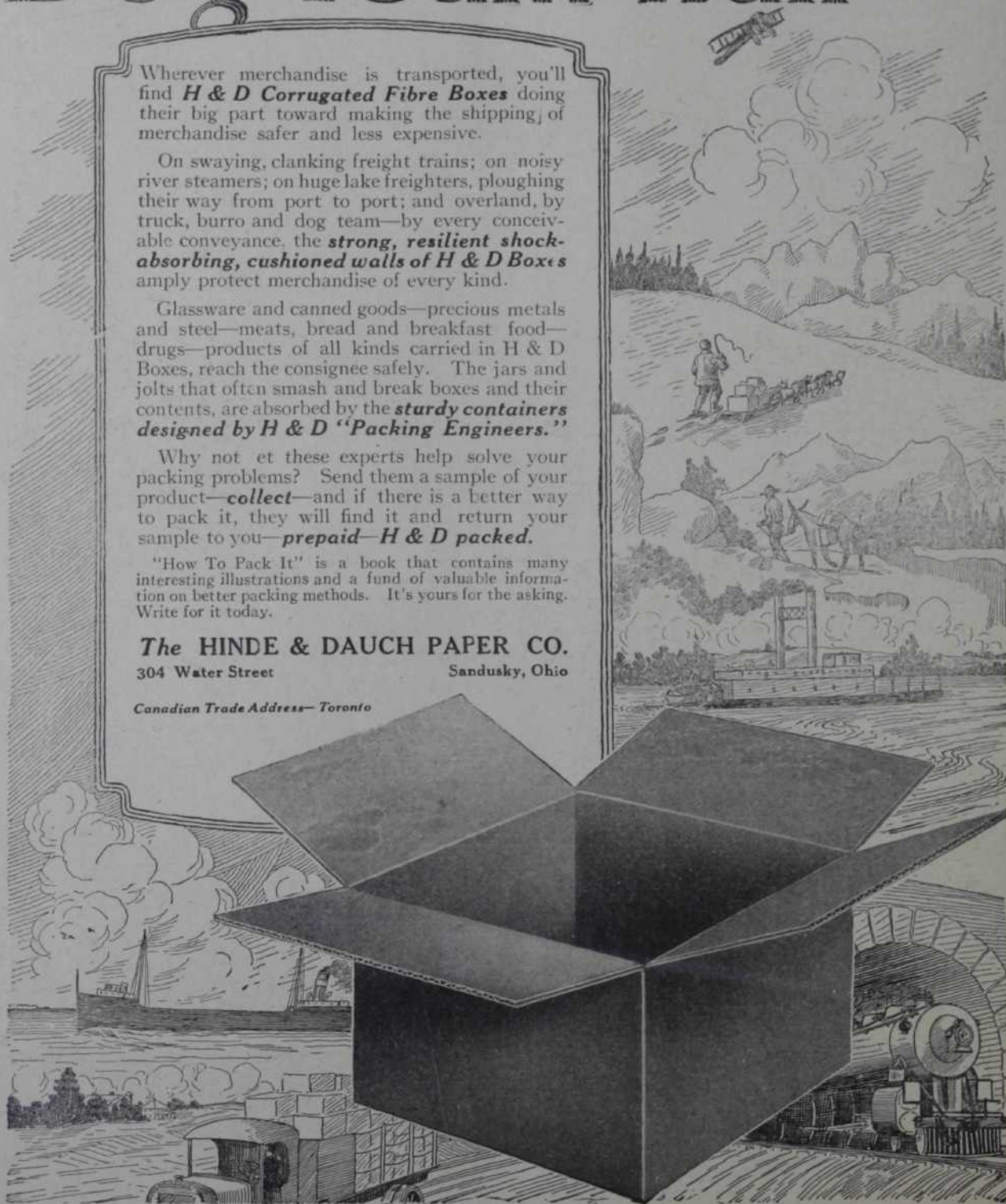
"How To Pack It" is a book that contains many interesting illustrations and a fund of valuable information on better packing methods. It's yours for the asking. Write for it today.

**The HINDE & DAUCH PAPER CO.**

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Sandusky, Ohio

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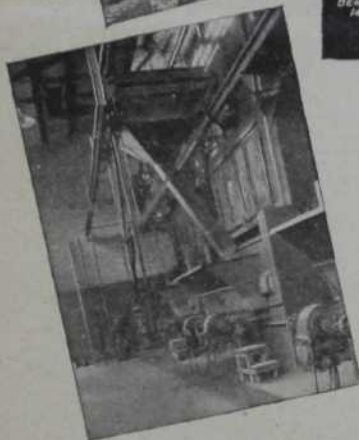




Beaumont Standardized Boiler House under construction, showing skeleton steel framework.



Beaumont Standard Boiler House,  
Highland Paper Mills, N. Y. &  
Pa. Co., Johnsonburg, Pa.



View of interior of Erie Forge & Steel Co. Plant, showing larry feeding stokers.

## Save Time and Money—Contract *Now* For That New Boiler House

If you contemplate erecting a new boiler house this Spring you should get the project under way *now*. The present condition of the labor and material market makes it advisable to order steel fabrication, boilers, turbines, etc. several months in advance of actual building construction.

Beaumont Standardized Boiler Houses are the product of 25 years of specialization in boiler house design, construction and equipment. Like standardization in all other lines, they meet modern requirements better than the old-fashioned "tailor-made" methods.

## Speed

Construction starts day after the order is given. Gangs at work instantly; kept at work steadily. No delay waiting for drafting and engineering work. Boiler house is ready in shortest possible time.

## Economy

Precious days and equally precious dollars saved in erecting and equipping. Frequent repetition of similar operations—experienced workmen—lump sum purchasing—offers greatest possible value for least cost.

## Satisfaction

*One contract only—one responsibility—ours. We shoulder the whole job. Every integral part from beams to boiler approved by the best of engineering practice. Standardization eliminates all experimenting and guesswork.*

Investigate the Beaumont plan of standardization in the building of boiler houses. Let us send you the Beaumont book "Standardized Boiler Houses." Contracts are taken for guaranteed maximum sum, based on prices existing when contract is awarded, or any other basis desired.

**Beaumont**  
ONE CONTRACT  
ONE RESPONSIBILITY

Beaumont Company specializes only on power plants and does not enter into any other kinds of engineering and construction work. It seems conservative, therefore, to claim that their organization is better qualified in size, knowledge and experience for this one class of work than any other in the country.

**R·H· BEAUMONT CO.**  
STANDARDIZED BOILER HOUSES  
PHILADELPHIA



# ARE ALL YOUR EFFORTS CONCENTRATED?

## **Industrial Executives**

You have within your organizations enormous and powerful resources represented by money, mental effort and manual labor, which will produce and serve only in proportion to how effectively they all concentrate upon a single worthy objective.

### **Herein Lies *Your* Great Responsibility**

You should seek answers to the following:

- 1st. Are you organized so that every effort is concentrated upon that worthy objective—maximum production per hour?
- 2nd. Have you the necessary engineering and technical knowledge with which to supply each and every member affected, so that they can concentrate intelligently and effectively?
- 3rd. Have you such mechanisms and controls as will permit you to co-ordinate and currently guide all these efforts and keep them concentrated upon this objective?
- 4th. Have you the necessary records and data through which you can always keep this objective before your entire organization?
- 5th. Do you offer to all concerned the necessary incentives to maintain this concentration?

If you have trouble answering these questions, we can help you. We can also develop for you a programme which will secure and maintain this absolutely essential concentration of all productive effort for maximum results.

**We can describe our plan briefly**

***"Knoeppel Organized Service"***

**C. E. KNOEPPEL & CO., INC.**

*Industrial Engineers*

Six East 39th Street

New York



## In this Number

The Merging of the Railroads.....	By JOHN E. OLDHAM.....	PAGE 9
Maps of the Proposed Systems.....		10
The Itching Palm in Business.....	By WILLIAM R. BENET.....	17
Here's Businesslike Government.....	By CHESTER T. CROWELL.....	19
Power sans Responsibility.....	By CHARLES S. KEITH.....	21
How Will It Work?.....		22
Comment on the plan for averting labor disputes advanced by the President's Industrial Conference.		
John W. O'Leary	A. Lincoln Filene	Guy E. Tripp
Alvan Macauley	Arthur Capper	Howell Cheney
Wm. C. Redfield	Frank Waterhouse	Paul L. Feiss
The Man from Port Sunlight.....	By GEORGE T. BYE.....	24
Our Neighbor's Surplus.....		27
New Styles in Economics.....	By HOMER HOYT.....	28
Editorials.....		30
Log of Organized Business.....		32
Listening in on Congress.....		36
Old Laws and New Ships.....	By N. SUMNER MYRICK.....	42
The Making of Americans.....		46
Making the Potato Bone Dry.....	By EDWY B. REID.....	50
Germany—Crushed or Powerful?.....	By J. WAINWRIGHT EVANS.....	54
Little Stories of the Nation's Business.....		61
New Books on Business.....		70
Business Conditions.....	By ARCHER WALL DOUGLAS.....	74
Deflating Our Ideas.....	By PAUL M. WARBURG.....	89
Reconstruction's Billions.....		94



### THE NATION'S BUSINESS

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# PIONEERS OF PROGRESS

Balboa—soldier, explorer, *pioneer of progress*—found the great Pacific at the end of an untrodden path. The thousands who have since followed can not efface his footprints.

Leadership belongs eternally to those who blaze the trail.

Founded twelve years ago, L. V. Estes Incorporated almost immediately left the beaten path of Industrial Engineering.

It was at that time a little known profession practiced by individuals. Among them were several now honored as pioneers in the science of securing maximum production with the least expenditure of time, energy, material and expense. Too often they were termed "efficiency men"—patronizingly or suspiciously.

The vision of the six original members of L. V. Estes Incorporated included a comprehensive engineering service, rendered by an *organization*, which would surpass the service of an individual no matter how capable he might be.

Now, the Estes roster has grown from six to that of a national institution.

Clients, moved by gratitude and satisfaction, tell us our goal is reached—our vision realized.

But the vision has grown. L. V. Estes Incorporated is still pioneering over untrodden paths. Guided by ideals that in themselves set a standard, this institution is leading the way through a wilderness of unrest toward the promised land of a better understanding between men—toward increased output and everlasting benefit for Capital, Management, Labor and the Public.

Inquiries for literature will receive courteous attention.

## LV·ESTES INCORPORATED

### INDUSTRIAL ENGINEERS

1503 Century Building 202 South State Street, Chicago

*Number One—  
The Estes Institution*

ORGANIZATION · PRODUCTION CONTROL  
METHODS AND PROCESSES

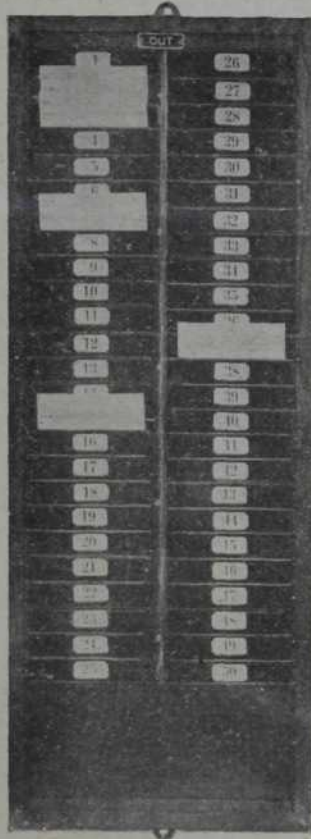


COSTS AND ACCOUNTING · APPRAISALS  
INDUSTRIAL RELATIONS

*For Higher Standards of Business Management*



# Time Clocks BUT Without The Clock WORKS!

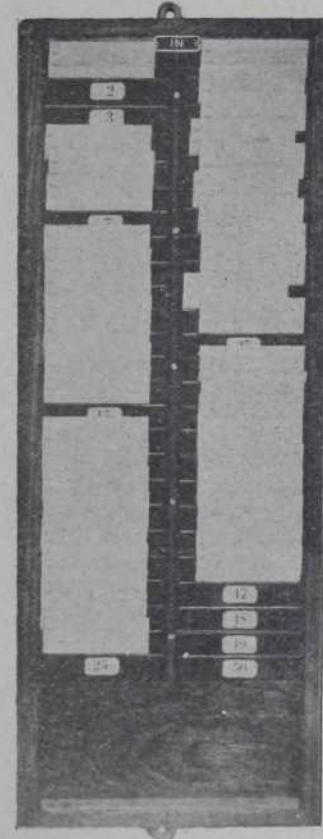
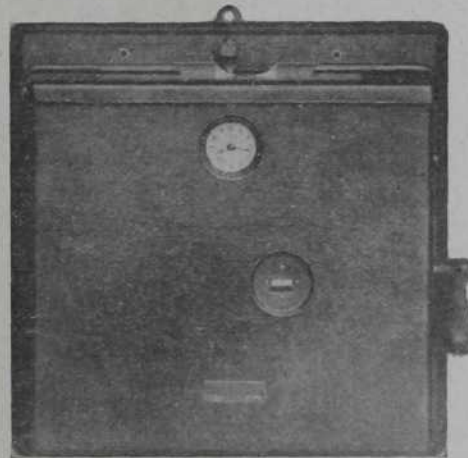


## Stromberg Time Recorders

are operated by electricity instead of clock works with spring power.

Regardless of the number of these recorders in a system, they will give the same, or synchronized, time, as they are all controlled by one high grade master clock.

Regardless of the number of recorders you require, whether one or one hundred, you will find Stromberg Recorders the least expensive, yet possessing many advantages.



## They constitute THE MOST MODERN AND EFFICIENT TIME-KEEPING SYSTEM

### See what they Eliminate!

No more winding.  
No more oiling.  
No more daily correcting.  
No more trouble from dirt or dust.  
No more trouble from vibration.  
No more trouble from severe temperatures or bad atmospheric conditions.  
No more variation of time between recorders and clocks.  
No more repairing of delicate clock works.  
No more expensive maintenance.  
No more disgruntled employees quibbling over discrepancies in time.

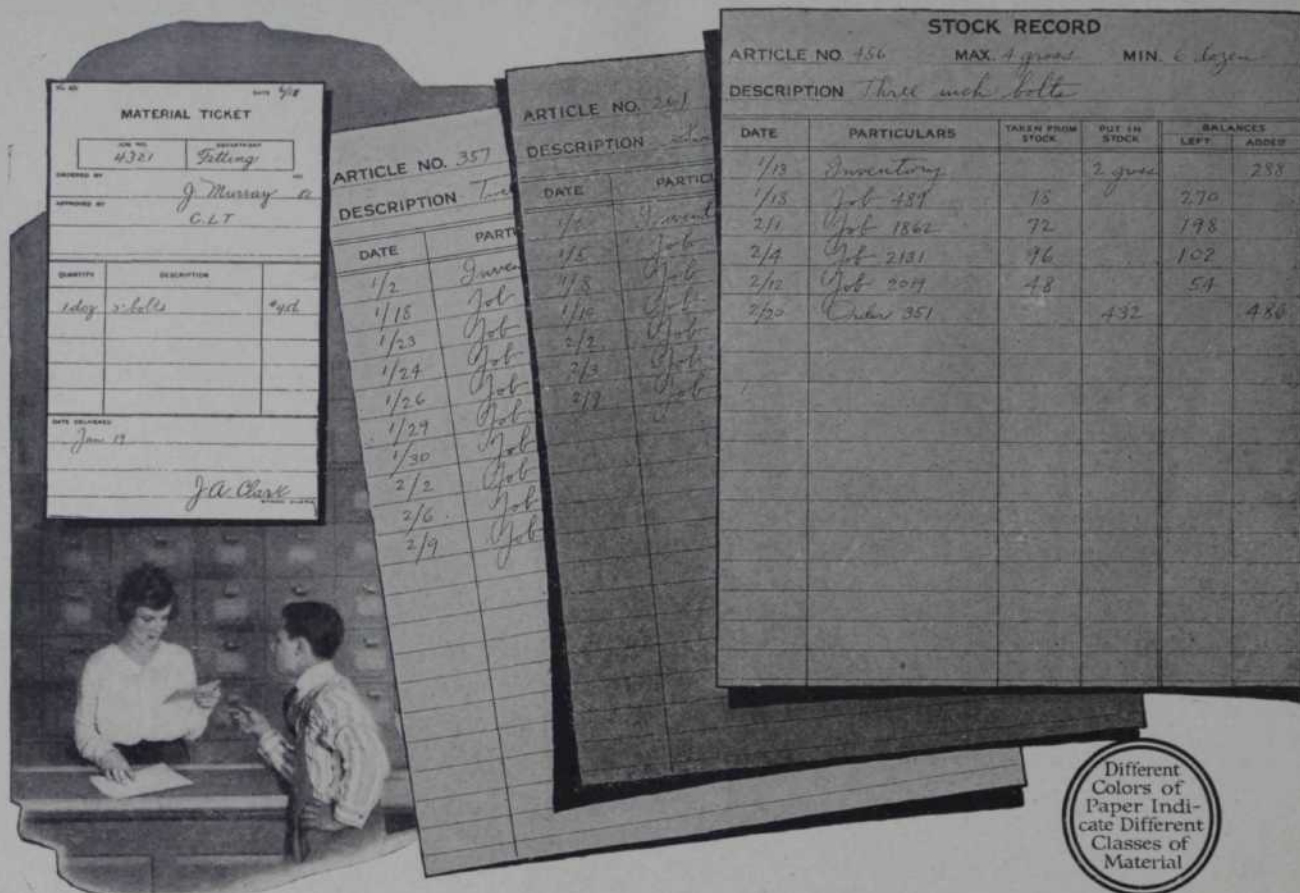
### See what their advantages are!

Uniform and accurate time.  
Greater durability and life.  
Mechanisms simple and powerful.  
Distinguish tardiness of all employees on shifts.  
Automatically set to proper "In" and "Out" spaces.  
Print time on cards inserted face forward.  
Reduce clerical work in timekeeping department.  
Insure employees' absolute confidence in their time records.  
Maintenance cost practically negligible.  
Absolute accuracy and reliability of above features.

We are manufacturers of complete time system apparatus, including Master Clocks, Job Time Recorders, Time Stamps, Secondary Clocks, Program Instruments, etc. Write for Booklet ND describing our Time Recorders and other apparatus.

**STROMBERG ELECTRIC CO., 606 S. Michigan Av., Chicago**  
Canada: Stromberg Time Recorder Co. of Canada, Ltd., 72 Queen St., W. Toronto, Ontario, Canada.





**MATERIAL TICKET**

ARTICLE NO. 4321  
DESCRIPTION: *Rolling*  
ISSUED BY: *J. Murray*  
REMOVED BY: *C.L.T.*  
DATE: *Jan 13*  
*J. Clark*

**STOCK RECORD**

ARTICLE NO. 456  
DESCRIPTION: *Three inch bolts*  
MAX. 4 gross  
MIN. 6 dozen

DATE	PARTICULARS	TAKEN FROM STOCK	PUT IN STOCK	BALANCES LEFT	BALANCES ADDED
1/13	Inventory		2 gross		288
1/15	Job 487	15		270	
2/1	Job 1862	72		198	
2/4	Job 2131	96		102	
2/12	Job 2019	48		54	
2/20	Order 351		432		486

**ARTICLE NO. 357**  
DESCRIPTION: *Turn*

DATE	PARTICULARS
1/2	Given
1/15	Job
1/23	Job
1/24	Job
1/26	Job
1/29	Job
1/30	Job
2/2	Job
2/6	Job
2/9	Job

Different Colors of Paper Indicate Different Classes of Material

## Watch Your Stocks of Materials

How fast are your materials being used? How far ahead should they be ordered? What is a "normal" stock, and should it be increased or reduced to meet changing conditions? To answer these questions you must have the FACTS.

This Stock Record brings out the facts. It will prevent waste, provide a perpetual inventory, furnish correct cost figures. The Material Ticket "charges" every piece of material to one job, one workman, discouraging carelessness and waste.

Adequate records were never so vitally important. Do you order printing as a necessity, or as a tremendous help in running your business?

Your time should be given to big things—the detail of the paper to use for your office printing is already solved for you by Hammermill Bond, the Utility Business Paper, the lowest-priced standard bond paper on the market.

Hammermill Bond gives you the quality you want; it is economical, uniform, and its twelve colors and white permit of color classification, and identification of different forms.

We shall be glad to send you a portfolio showing these forms. Your printer can help you in working them out. Ask him to standardize your printing on Hammermill Bond.

HAMMERMILL PAPER COMPANY, Erie, Pa.

Look for this watermark—it is our word of honor to the public

# HAMMERMILL BOND

"The Utility Business Paper"





# THE NATION'S BUSINESS

A Magazine for Commerce Business Men

VOLUME 8, NUMBER 2

FEBRUARY, 1920

## The Merging of the Railroads

Fourteen competing systems are proposed; they include as a starter, 160 Class I lines by which the principal market and industrial centers of every state in the union are served

By JOHN E. OLDHAM

**D**IRECTOR GENERAL HINES, in a speech before the New York City Bar Association, January 7, said:

"I believe that there must be fundamental changes which will consolidate the railroads into a few great systems. \* \* \* The argument is urged that this will be difficult to accomplish, but I have not the slightest doubt that it can be accomplished \* \* \* and I am convinced that it is an absolutely necessary step, if Government ownership is to be permanently avoided."

The business men of the country, recognizing the soundness of the economic principle involved and the necessity of its application to the solution of the railroad problem, gave it an overwhelming majority vote when the Chamber of Commerce of the United States last summer called for their views in Referendum No. 28.

### It's Compulsory in One Bill

**T**HE United States Senate recognized the economic principle and the business necessity when on December 20 it passed the Cummins bill—S. 3288—containing a clause providing for the consolidation of all railroad properties in accordance with a plan to be adopted by the Federal Transportation Board, and approved by the Interstate Commerce Commission, into 20 to 35 separate competing systems, each owned and operated by a distinct Federal corporation—consolidation to be voluntary if accomplished within seven years, and, thereafter, to be compulsory.

The House of Representatives recognized the principle and the necessity when on November 17 it passed the Esch bill—H. R. 10453—containing a clause providing for consolidation, unification or merger by purchase, lease, stock control, or in any other way of any two or more carriers, or the pooling of their traffic earnings or facilities, to the extent that the Interstate Commerce Commission indicates will be in the public interest.

A conference committee of the Senate and House doubtless will be able to harmonize the differences between the two bills and place in the law a section providing that there shall be brought about in some way a consolidation of the railroads.

The process of coordinating and unifying the transportation facilities of the country has been going on for many years and is already farther advanced than is generally realized. Through consolidations, leases and stock ownership the control of railroads which handle 87 per cent of the country's business

**N**O feature of the proposed railroad legislation has attracted more attention than that which has to do with consolidation of the several lines into a few strong systems so formed as to preserve competition and best serve the public—to merge the weak with the strong, and thus make the whole transportation structure dependable. The plan of consolidation presented in the accompanying article was worked out in detail after many months of wide research and careful study by an experienced business man—John E. Oldham, a member of the firm of Merrill, Oldham & Company, bankers, of Boston, and vice-president of the Investment Bankers Association. In the article Mr. Oldham explains the purposes which would in his opinion be accomplished by the adoption of a comprehensive plan of consolidation, and presents the reasons for his conclusions. Maps, beginning on page ten, show the fourteen systems into which the railroads of the country would be merged under the arrangement suggested.—THE EDITOR.

is already centered in 30 systems. The House bill does not say how many systems shall be formed; the Senate bill fixes the number at from 20 to 35. In grouping the railroads of the country into 14 systems, as here proposed, there is no claim that either this number of systems or the arrangement of the individual systems is the only way, or even the best way, to accomplish the results desired. It is merely one way, and is proposed not for the sake of the grouping itself, but rather to show—

(a) The possibilities of bringing together the railroads of the country into larger competitive groups without disturbing present established relations.

(b) That they can be so combined that there would be little disparity in traffic and operating conditions among the separate systems competing in the same territory.

(c) That the separate systems under uniform rates would be able to earn substantially

the same rate of return on their property investments if uniformly valued.

The systems include approximately 90 per cent of the total mileage of the country and handle 95 per cent of all the traffic. Some small lines are omitted. The fourteen systems briefly described are as follows:

### The Plan By Systems

1. New York Central System—The railroad of that name, with the seven lines it controls; Boston & Maine; Maine Central; Western Maryland, and three smaller lines.

2. Buffalo System—Delaware, Lackawanna & Western; Lehigh Valley; Delaware & Hudson; Erie; Wabash; Pere Marquette, and nine smaller lines.

3. Pennsylvania System—The railroad of that name, with the nine lines it controls, and the New York, New Haven & Hartford.

4. Baltimore & Ohio System—Baltimore & Ohio; Philadelphia & Reading; Chesapeake & Ohio; Norfolk & Western; controlled lines, and nine smaller lines.

5. Coast Line—Louisville & Nashville System—The roads of those names; Norfolk & Southern; controlled lines; two smaller lines.

6. Southern System—The railroad of that name and five lines it controls; Florida East Coast, and five smaller lines.

7. Illinois Central—Seaboard System—The railroads of those names; controlled lines; Atlanta, Birmingham & Atlantic, and three smaller lines.

8. Great Northwestern System—Chicago & Northwestern, with the Chicago, St. Paul, Minneapolis & Omaha, which it controls, and the Great Northern.

9. St. Paul System—Chicago, Milwaukee & St. Paul; Minneapolis, St. Paul & Sault Ste. Marie and controlled lines, and two smaller lines.

10. Northern Pacific—Burlington System—Northern Pacific; Chicago, Burlington & Quincy; Colorado & Southern, and three smaller, all under Northern control now.

11. Union Pacific System—The railroad of that name, with six lines it controls; Central Pacific, and the Chicago Great Western.

12. Rock Island—Missouri Pacific System—Chicago, Rock Island & Pacific; Denver & Rio Grande; Texas Pacific; Chicago, Peoria & St. Louis, and El Paso & Southwestern.

13. Santa Fe—Frisco System—Atchison, Topeka & Santa Fe; St. Louis & San Francisco; International & Great Northern; St. Louis Southwestern, and Midland Valley.

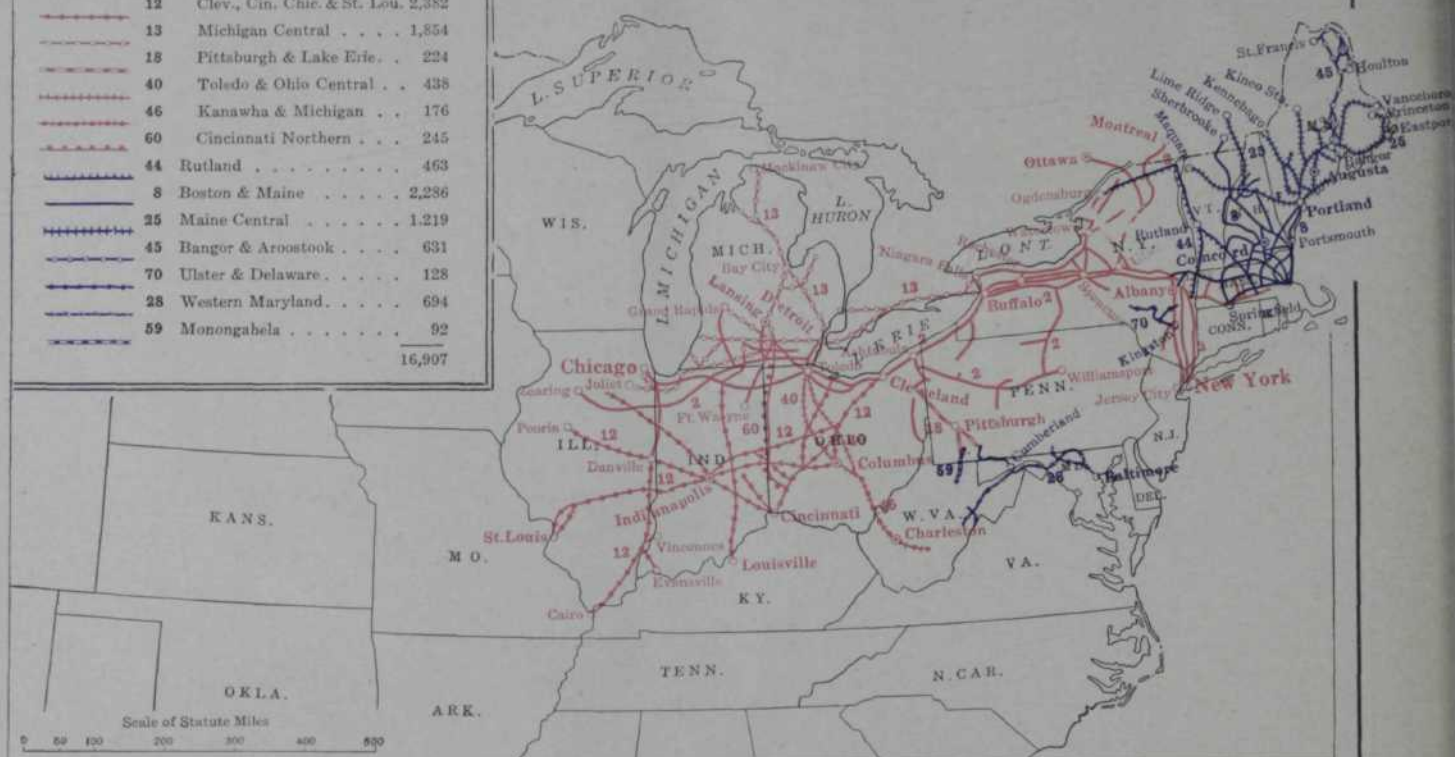
(Continued on page 82)



# NEW YORK CENTRAL SYSTEM

COLOR	NO.	NAME	MILEAGE
—	2	New York Central . . . . .	6,075
—	12	Clev., Cin. Chic. & St. Lou. . . . .	2,382
—	13	Michigan Central . . . . .	1,854
—	18	Pittsburgh & Lake Erie . . . . .	224
—	40	Toledo & Ohio Central . . . . .	438
—	46	Kanawha & Michigan . . . . .	176
—	60	Cincinnati Northern . . . . .	245
—	44	Rutland . . . . .	463
—	8	Boston & Maine . . . . .	2,286
—	25	Maine Central . . . . .	1,219
—	45	Bangor & Aroostook . . . . .	631
—	70	Ulster & Delaware . . . . .	128
—	28	Western Maryland . . . . .	694
—	59	Monongahela . . . . .	92
			16,907

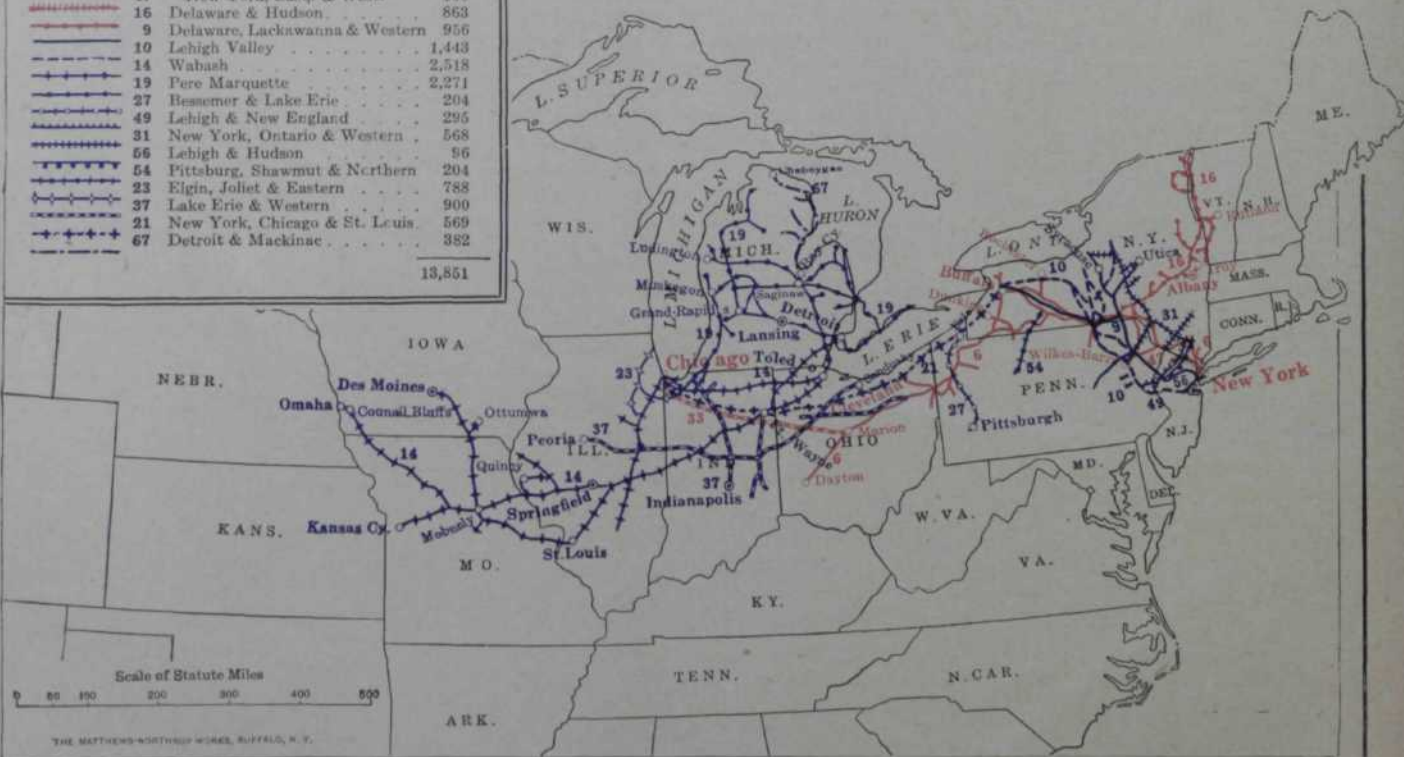
Map 1



# BUFFALO SYSTEM

COLOR	NO.	NAME	MILEAGE
—	6	Erie . . . . .	1,987
—	33	Chicago & Erie . . . . .	269
—	47	New York, Susq. & West. . . . .	138
—	16	Delaware & Hudson . . . . .	863
—	9	Delaware, Lackawanna & Western . . . . .	956
—	10	Lehigh Valley . . . . .	1,443
—	14	Wabash . . . . .	2,518
—	19	Pere Marquette . . . . .	2,271
—	27	Bessemer & Lake Erie . . . . .	204
—	49	Lehigh & New England . . . . .	295
—	31	New York, Ontario & Western . . . . .	568
—	56	Lehigh & Hudson . . . . .	96
—	54	Pittsburgh, Shawmut & Northern . . . . .	204
—	23	Elgin, Joliet & Eastern . . . . .	788
—	37	Lake Erie & Western . . . . .	900
—	21	New York, Chicago & St. Louis . . . . .	569
—	67	Detroit & Mackinac . . . . .	352
			13,851

Map 2



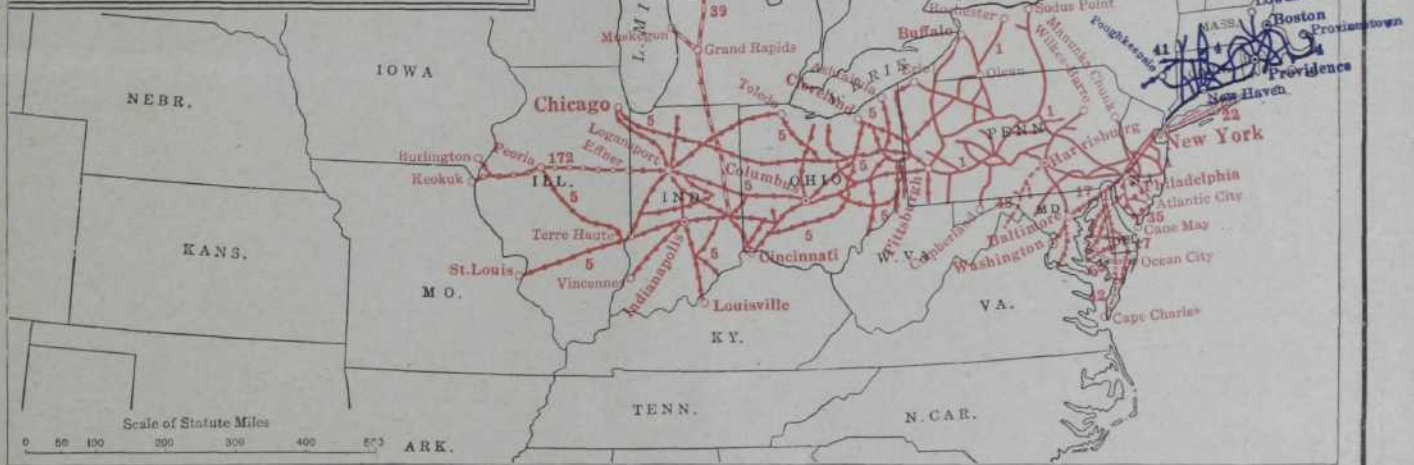
Principal lines are shown in red; controlled lines are indented underneath the dominant road.



# PENNSYLVANIA SYSTEM

Map 3

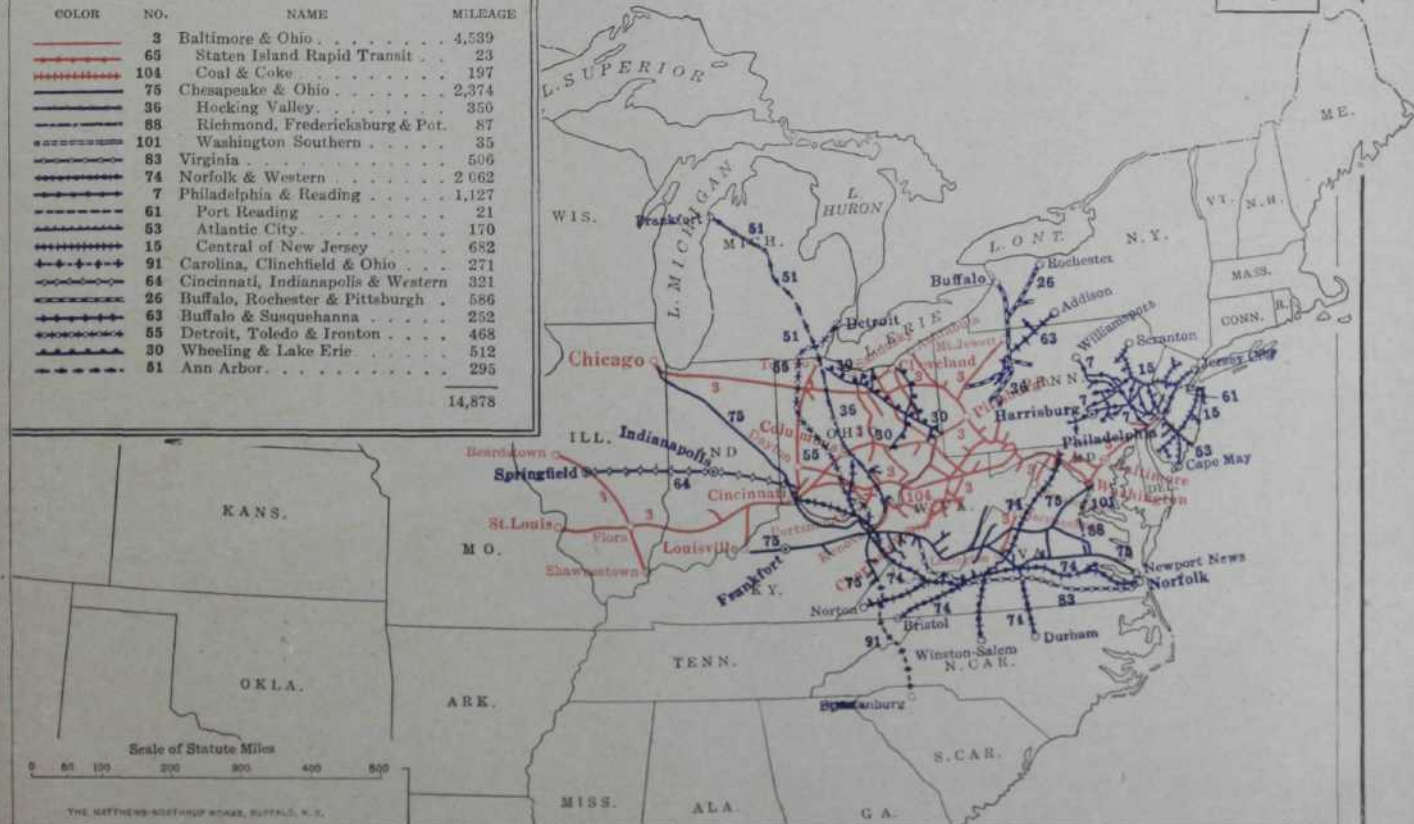
COLOR	NO.	NAME	MILEAGE
—	1	Pennsylvania	6,315
—	5	Penn. Lines, West (inc. P.C.C. & St.L.)	2,397
—	39	Grand Rapids & Indiana	573
—	17	Philadelphia, Baltimore & Wash.	717
—	23	Long Island	397
—	35	West Jersey & Seashore	359
—	42	New York, Philadelphia & Norfolk	124
—	48	Cumberland Valley	163
—	172	Toledo, Peoria & Western	247
—	68	Baltimore, Chesapeake & Atlantic	87
—	4	New York, New Haven & Hartford	1,998
—	41	Central New England	302
			13,649



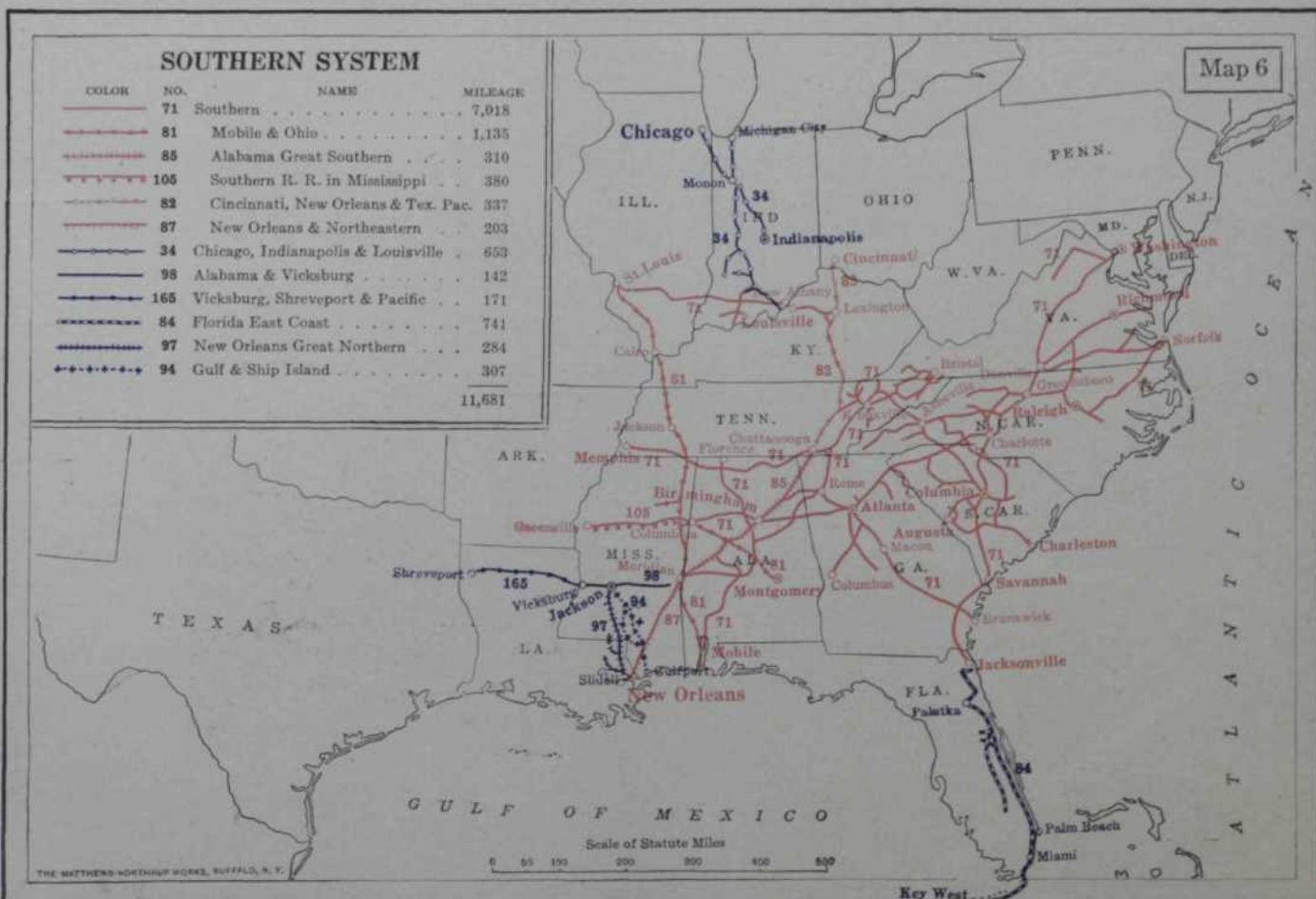
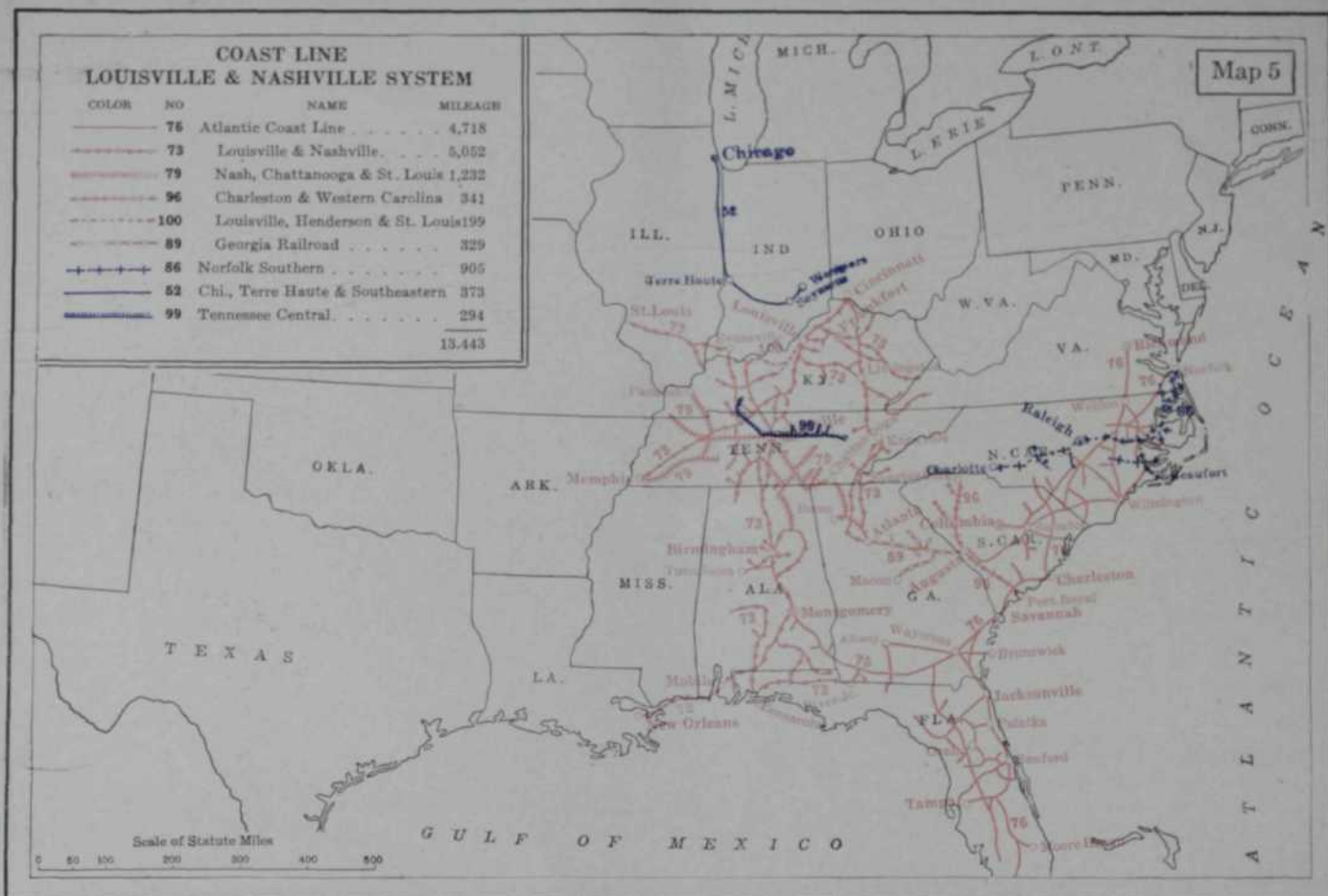
# BALTIMORE & OHIO SYSTEM

Map 4

COLOR	NO.	NAME	MILEAGE
—	3	Baltimore & Ohio	4,539
—	69	Staten Island Rapid Transit	23
—	104	Coal & Coke	197
—	75	Chesapeake & Ohio	2,374
—	36	Hooking Valley	350
—	68	Richmond, Fredericksburg & Pot.	87
—	101	Washington Southern	35
—	83	Virginia	506
—	74	Norfolk & Western	2,062
—	7	Philadelphia & Reading	1,127
—	61	Port Reading	21
—	63	Atlantic City	170
—	15	Central of New Jersey	682
—	91	Carolina, Clinchfield & Ohio	271
—	64	Cincinnati, Indianapolis & Western	321
—	26	Buffalo, Rochester & Pittsburgh	586
—	63	Buffalo & Susquehanna	252
—	55	Detroit, Toledo & Ironton	468
—	30	Wheeling & Lake Erie	512
—	61	Ann Arbor	295
			14,878

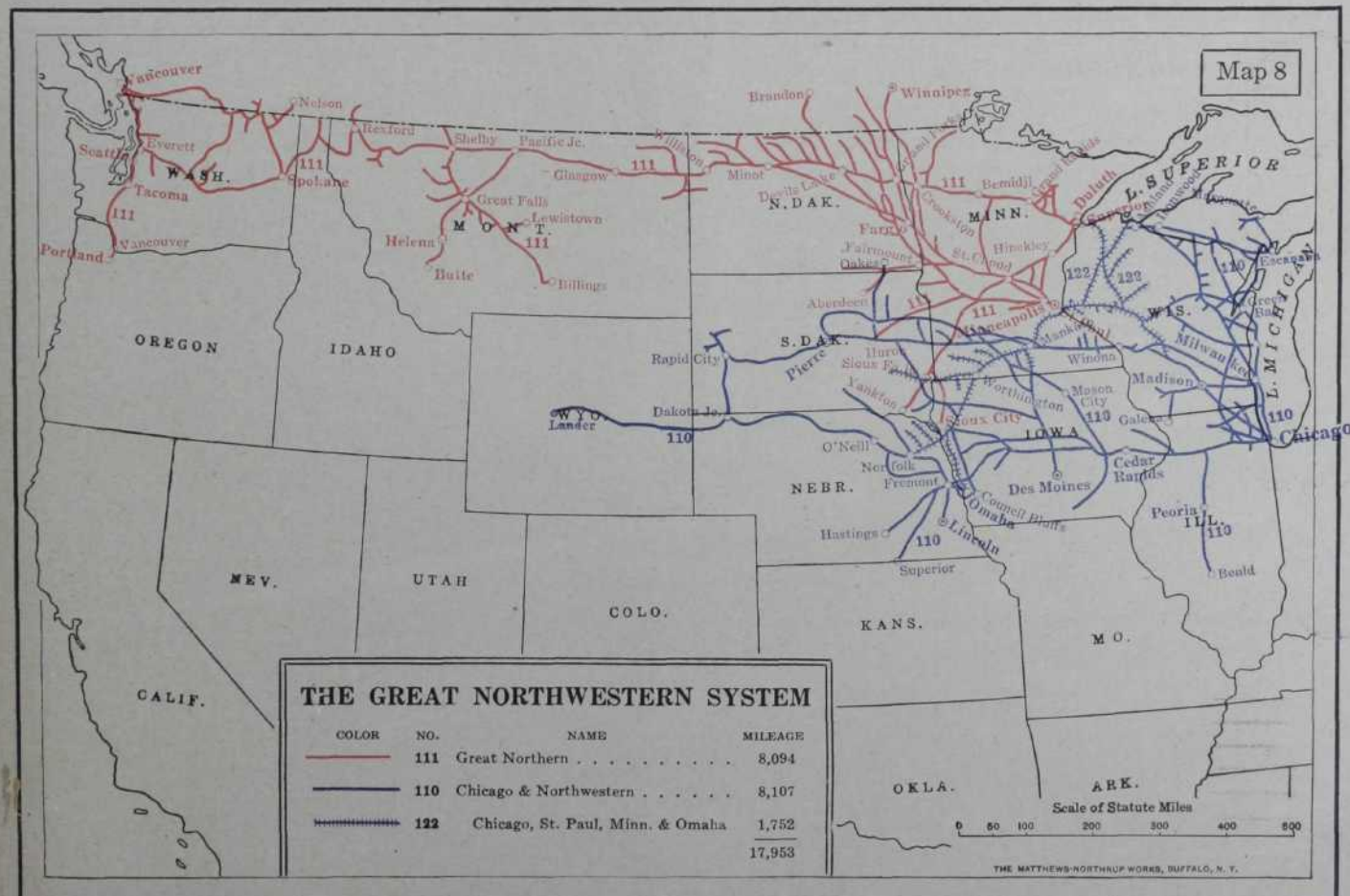
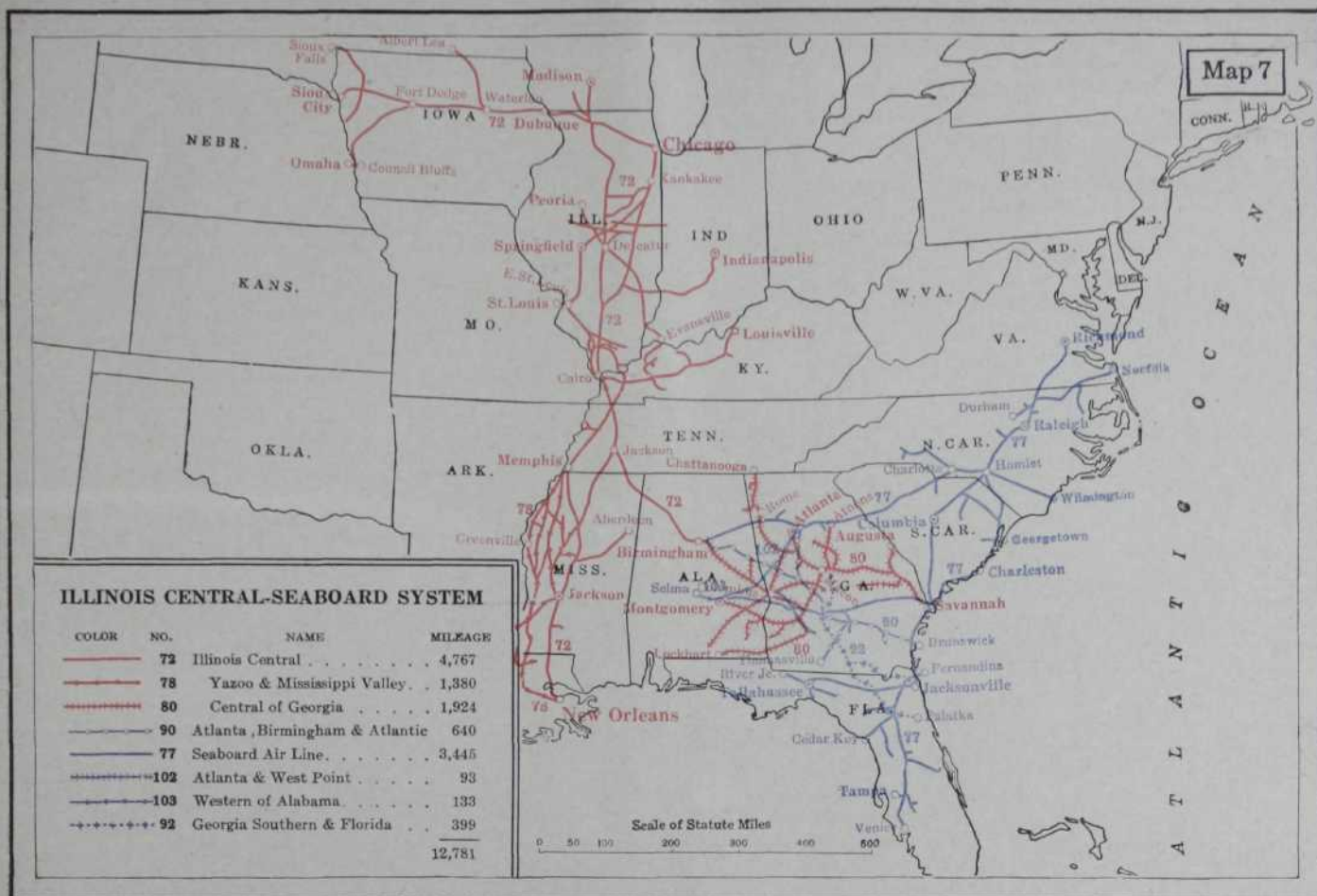


Principal lines are shown in red; controlled lines are indented underneath the dominant road.

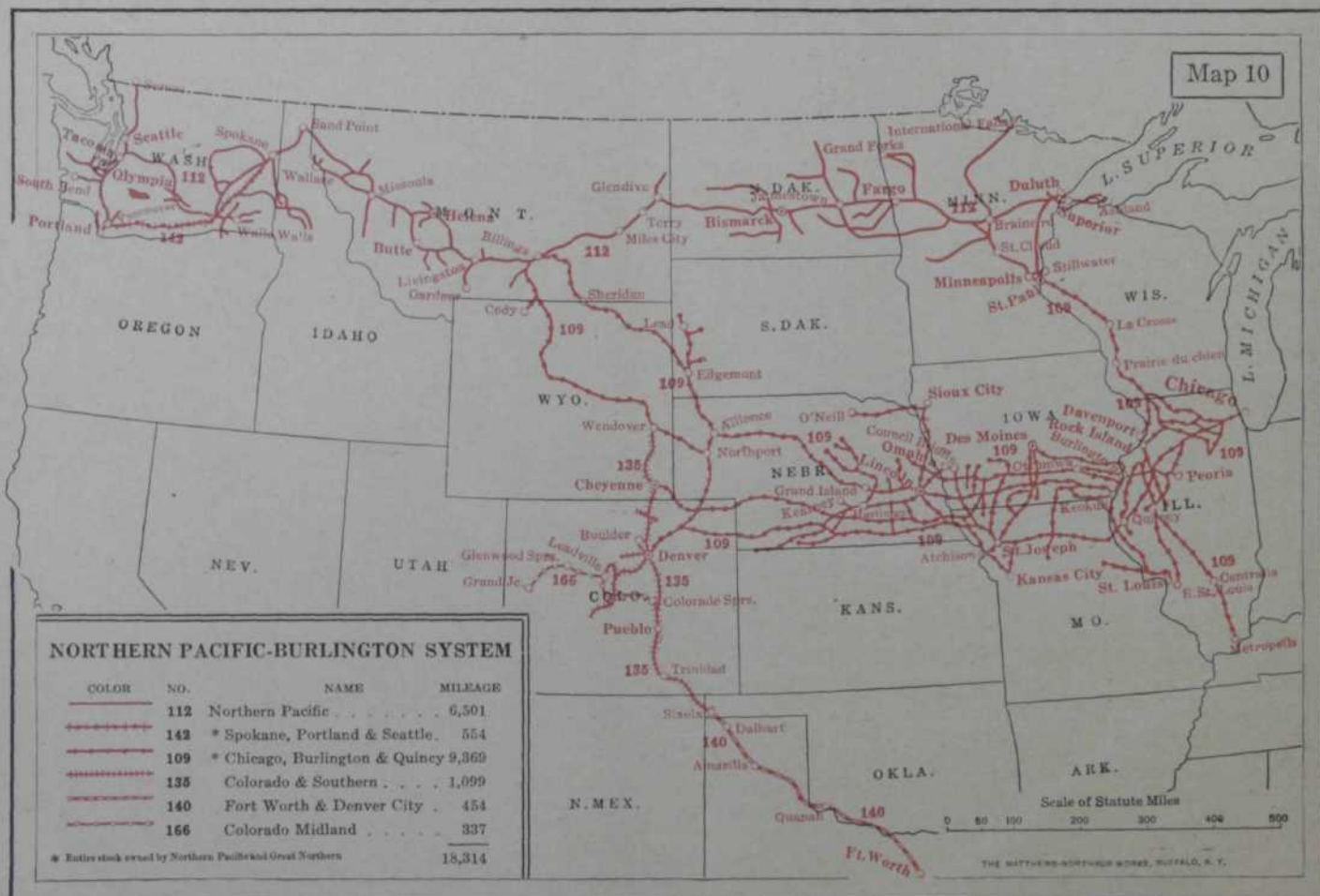
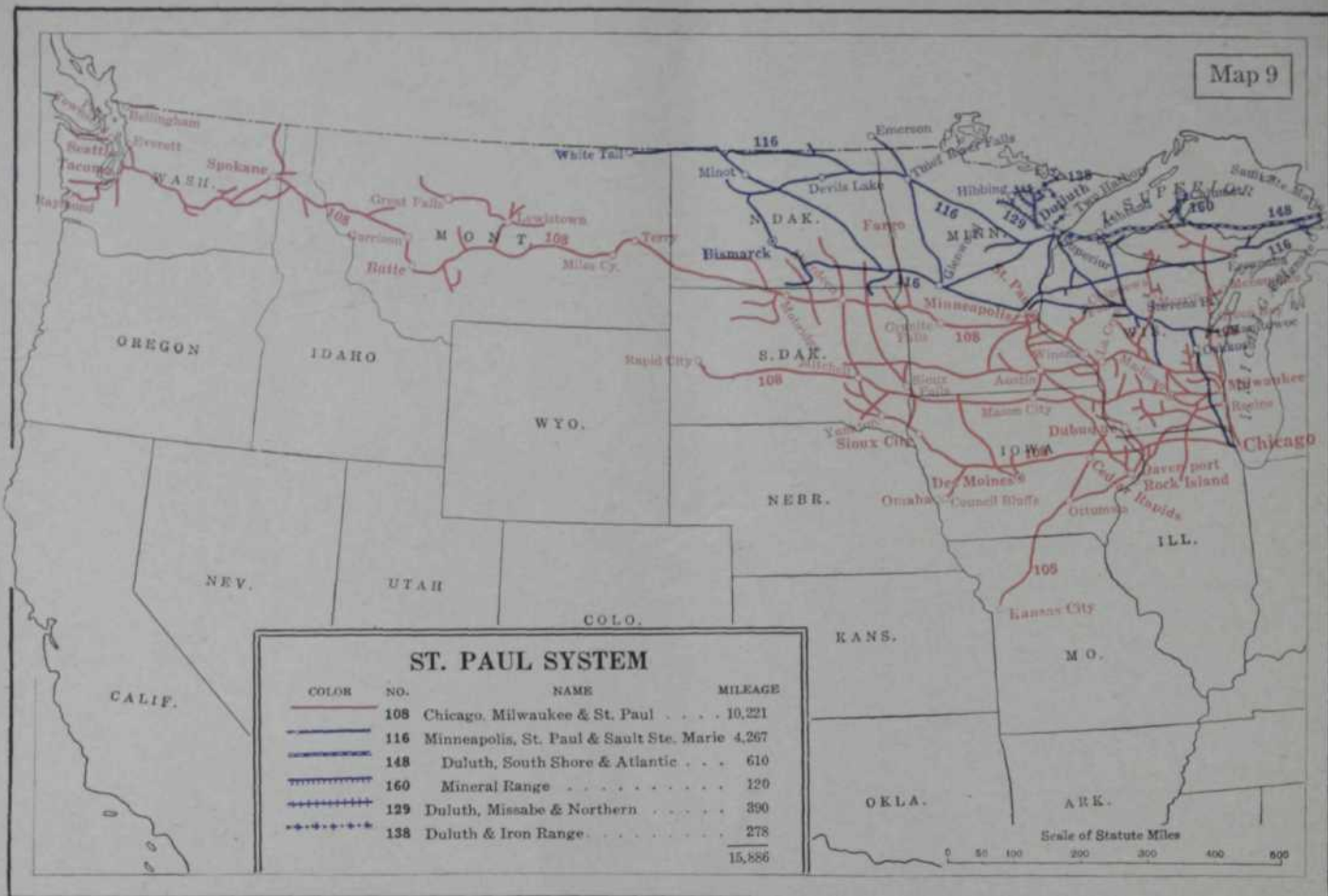


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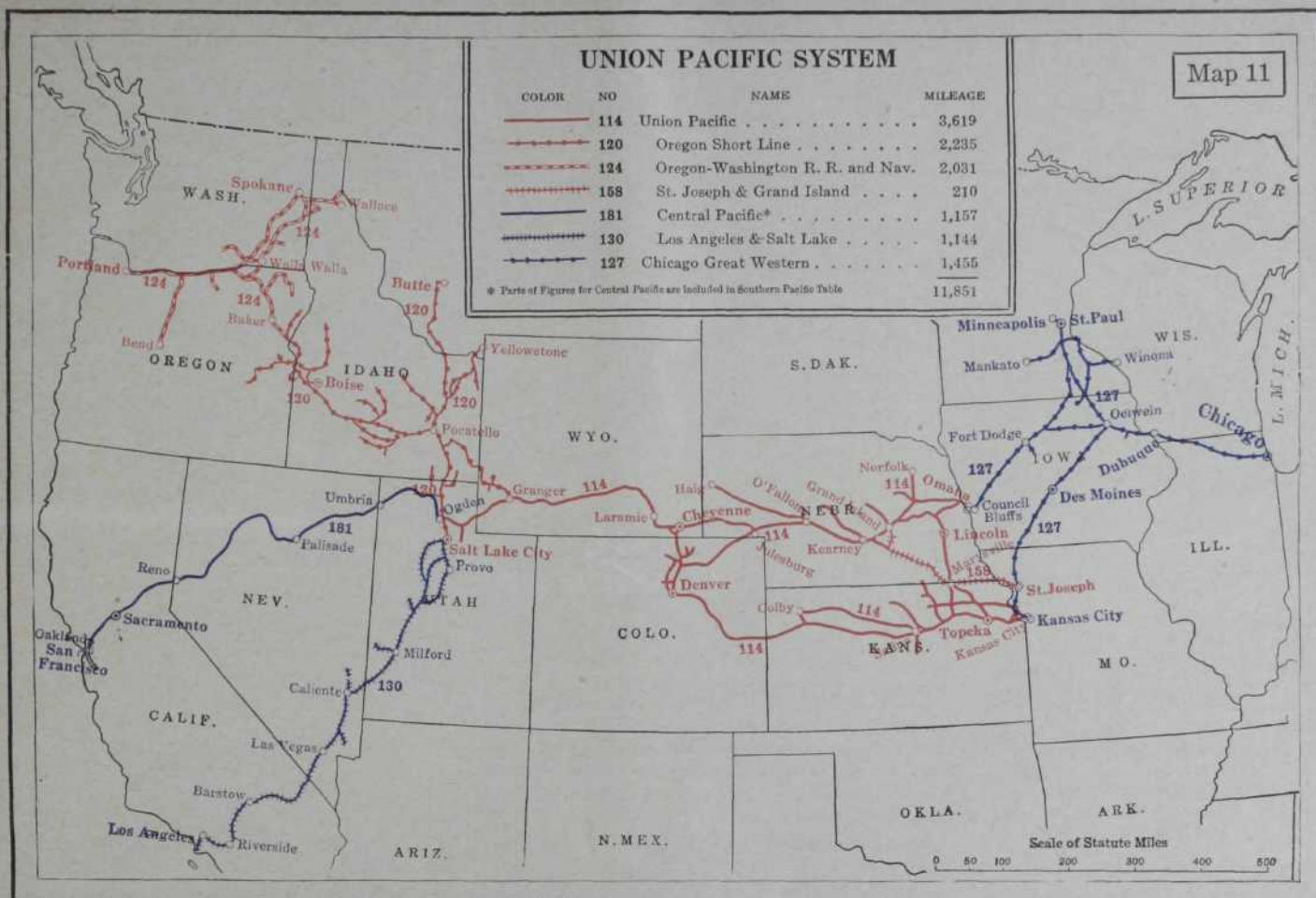


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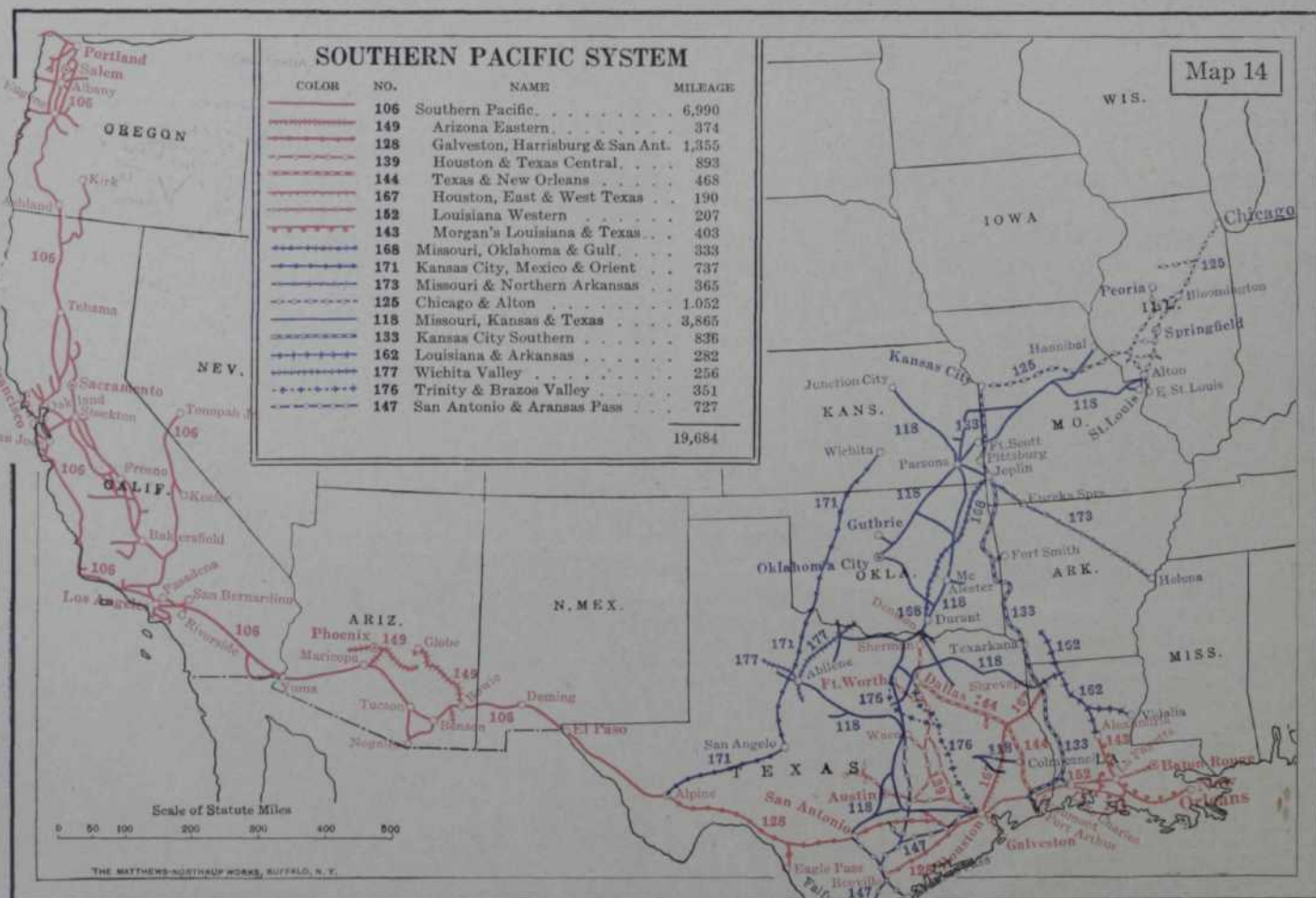
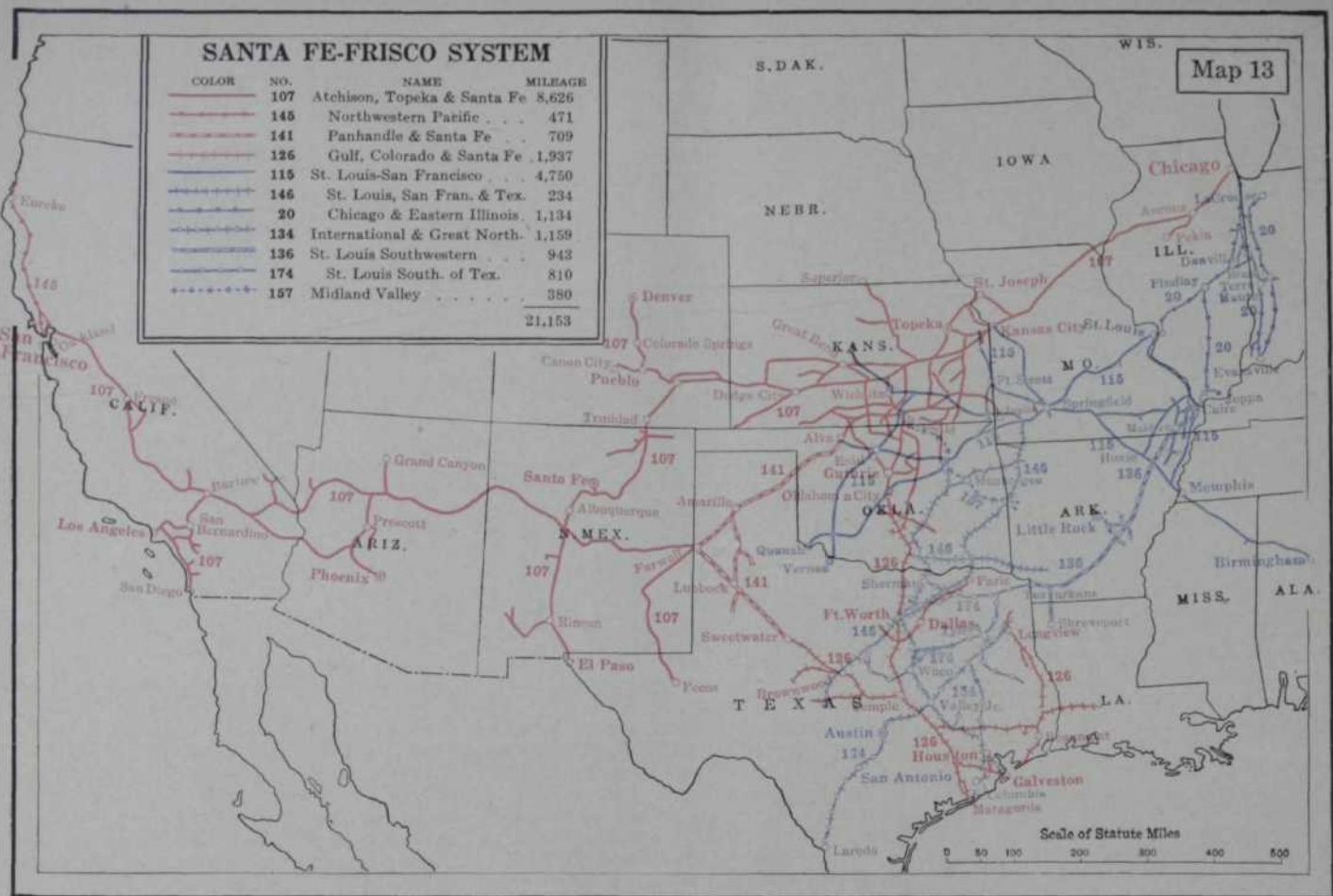
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Principal lines are shown in red; controlled lines are indented underneath the dominant road.







# The Itching Palm in Business

Ancient and dishonorable, the practice of commercial bribery has at last encountered the wrath of the government and private concerns will co-operate in stamping out the vice

By WILLIAM R. BENÉT

**I**NCLOSED you will find green sample No. 360, which I trust will prove to be the correct shade."

A harmless-looking business communication—the above. It only assumes its true significance with the explanation that "green sample No. 360" referred to \$360 in currency inclosed in the letter. A joke? An eccentric flourish to a legitimate transaction between friends? Unfortunately, no. Simply one of the manifold devious instances of modern commercial bribery.

The word "bribe" is not a pleasant one. Therefore there has always been a tendency to qualify a bribe's actuality by referring to it as a "discount," a "rebate," a "loan," or whatnot. "Intensive cultivation of good-will" is perhaps the most mellifluous avoidance of the term. But what said the famous Bishop Latimer some three centuries ago?

"Nowadays they call them 'gentle rewards.' Let them leave their coloring, and call them by their Christian name—bribes. . . . Oh, briber and bribery! He was never a good man that will so take bribes. . . . It will never be merry in England till we have the skins of such."

And Lord Justice Romer in our own time stated the elements of a bribe as follows:

"If a gift be made to a confidential agent with the view of inducing the agent to act in favor of the donor in relation to transactions between the donor and the agent's principal and that gift is secret as between the donor and the agent—that is to say, without the knowledge and consent of the principal—then the gift is a bribe in the view of the law."

## A Famous Case

**B**RIBERY, by Bishop Latimer's ancient testimony, is anything but new. As a commercial practice its prevalence was first publicly noticed in England in 1876. Then came the famous case of Oetzmann vs. Long, tried by Lord Russell of Killowen, who described the system as a malignant canker, dishonest to the fair trader and the fair employer. Soon big business stepped in to investigate. The London Chamber of Commerce made a report that is classic in the history of commercial bribery:

"Your committee conclude from the evidence before them that secret commissions in various forms are prevalent in almost all trades and professions to a great extent, and that in some trades the practice has increased, and is increasing, and they are of opinion that the practice is producing great evil, alike to the morals of the commercial community and to the profits of honest traders."

We, in the United States, have certainly not been immune from this commercial disease. Note the following extract from a report of the Federal Trade Commission:

"It is useless to discuss the origin of the practice. It is sufficient to know that it exists generally and appears to be spreading. The mere suggestion shows that it must engulf

even those honestly inclined if they desire to maintain their commercial life in any industry where such practices prevail."

The commission recommended the enactment of a Federal criminal law reaching "each person participating in any such transactions."

This report is well supported by the vigorous opinions of American jurists.

The causes for commercial bribery are various. It is impossible to name them in the order of their importance.

An English authority thinks the evil is, in many cases, due to lack of adequate and reasonable remuneration for the work done by agents. Men in responsible positions often eke out inadequate earnings by accepting bribes, and thereby have an interest against their duty. The same opinion has frequently been expressed by American manufacturers. It is obvious that an underpaid employee has a greater incentive to solicit graft than one who is paid an adequate salary. On the other hand, it appears unlikely that a confirmed bribe-taker will voluntarily forego an opportunity of taking tribute, and opportunity knocks not once but often on the grafter's door.

## What Makes It Grow?

**L**ACK of proper supervision and control of employees, accompanied by ignorance and incompetency on the part of the responsible heads of a business, is also a most fruitful source of trouble. When a subordinate is permitted to run a factory, a mill, a shop or any other industrial establishment, he has been presented with a check book and fountain pen. Few employers care to admit such a condition, but how many are competent to judge for themselves whether a subordinate is unjustly condemning goods submitted for test? The head of a mill who has come up from the ranks may use his independent judgment in such matters, but ordinarily the manufacturer must rely on the honesty and loyalty of his employees. In the textile industry, according to the report of the Alien Property Custodian, the "dyers frequently controlled the situation." As stated by the Tariff Commission, the dyers frequently were "in a position to dictate the dyes that their employers should use." Nor is this condition peculiar to the textile industry. Disloyal employees in other industries have been known to offer for a lump sum to turn over the whole or specified portions of the business of their departments. Of course the lump sum was to be followed by the regular "commission" or "discount." In short, the employers retained the empty honor of ordering and paying for the goods. The purchasing agent is equally helpless. He may know the quality of the goods, but the man in the mill is usually stronger when it comes to a show down. The employer and the purchasing agent are the puppets. They may not realize it, but they move when the hired man pulls the strings. Now and then an explosion

occurs, and out of the wreck comes one employer who has regained his self-respect and one or more ex-employees who are looking for jobs—salary not important. Employers usually, however, prefer not to rock the boat, not to say to the superintendent: "Use this! Get results or get out!" They may be inclined to query: "If we get a new superintendent, how will we know that he is straight?" A fair question, at that. But it cannot be doubted that weakness or indifference on the part of employers encourages bribery. If they yield all real authority to their subordinates they cannot condemn too severely the vendor who also yields to the extortion they have made possible.

What industries are affected? Conditions calling for the passage of a criminal anti-bribery law in England are approximately duplicated in this country. Quoting from an English report: "A motor-car dealer offers a chauffeur a secret commission on all petrol bought of him, and on all repairs entrusted to him. A chauffeur gives an order for so many gallons of petrol and asks for, and receives, a receipt for double the quantity, the difference to be paid to him." Turning to this country, we find that the legislatures of some half dozen States have recently passed laws prohibiting so-called "chauffeur graft." Not long ago the automobile and accessory dealers in one of our large cities were circularized on behalf of a proposed association "to eliminate the graft evils which have grown to large proportions in every branch of the automobile business."

In England, "a gardener writes to a firm of nurserymen that his bulbs and seeds have not grown well of late, adding that his private address is —." In Maryland, during the 1918 session of the legislature, a law was passed striking directly at the solicitation by gardeners of gifts and commissions.

## Orders to the Highest Briber

**A**N English manufacturer advised the London Chamber of Commerce that "it would not be too much to say that there are firms of very prosperous drysalers whose every account depends on bribery." Another stated that "I saw at once that unless I bribed the dyers I could do little or nothing. Dyers simply take the one they are paid secretly the most to use. . . . I had several vats I was trying for manufacturers deliberately spoilt because I would not bribe the men." In the United States the accounts of one manufacturer of dyestuffs are alleged to show that since 1900 over \$1,300,000 was paid from funds apparently used only for the purpose of bribing foremen and superintendents in textile mills. The Alien Property Custodian, discussing the ruthless methods of German dye manufacturers, said: "So extensive was this corruption that I came across only one American consumer which had escaped its ill effects." The United States Tariff Commission also reported that it is notorious in the dye and textile trades that



the agents of German manufacturers "habitually resorted to bribery in the form of money payments or 'gifts' to purchasing agents, and more especially to dyers, who frequently were in a position to dictate the dyes that their employers should use." In a recent hearing before the Ways and Means Committee a witness described "the most extraordinary system of commercial corruption that I think the world has ever seen. There was hardly a textile mill whose dyers were not corrupted. I say this advisedly."

#### "The Practice of Tipping—"

IN England, the editor of *Yachting Monthly* complains that "the practice of tipping (I put it mildly) skippers, stewards, engineers, etc., tarnishes both giver and recipient alike, and has converted decent men into despicable cheats." The Shipping Board, the Food Administration and the Federal Trade Commission has each taken cognizance of the prevalence of bribery in the marine trade at American ports. There is little doubt that in this line of business the evil is international, and it may account in some measure for the comparatively low wages paid to foreign ship officers who could well afford to work for low salaries plus "perquisites."

The records are replete with instances of bribery in many lines of industry, and trades specifically mentioned herein are merely referred to by way of illustration and not held up as "horrible examples." Manufacturers and dealers in textile soap, chemicals, lubricating oil, greases, wines, groceries, fish, rope, paint, ink, printers' rollers, varnish, engines, machinery, life boats, and many other products have also paid tribute to the industrial highwaymen who prey upon the commerce of the country with greater success and less danger than Jesse James or the Barbary pirates.

The prevalence of graft in industry is due to a large extent to the ease with which goods can be spoiled by disloyal employees. The more delicate the product, the more skill that is required in its proper use, the stronger the position of the extortionists. In one industry, according to a competent witness, all they had to do was to mix a little of the wrong thing in with the right thing, or to carry on the process at a slightly wrong temperature, or to do any one of a thousand little tricks. This is true of many other industries. The goods of the favored seller may be kept at a proper temperature while the sample to be "killed" is stood on a freezing window-ledge. A little salt, acid, emery, oil or water, a few minutes too little or too long in an oven that is a few degrees too hot or too cool, a shade too much or too little pressure on a roller—any one of these will produce results that will convince the employer or the purchasing agent that certain products are all wrong. It makes no difference that the same goods are used by successful competitors—the employer is at the mercy of the disloyal employee. It is not uncommon to find one product used successfully in one plant and condemned in another, both plants belonging to the same employer. The latter in such cases is either hopeless or indifferent.

Doubtless some employees are convinced that they are entitled to receive compensation from both buyer and seller. Indeed, one employee frankly stated that he was entitled to 10 per cent, but that anyone who demands more is a grafter. Another desired a representative of the Government to assist him

another, depending upon the keenness of competition, the rapacity of the employee, and the selling price of the goods.

Nor is that all. It is obvious that when employees receive a percentage of the value of the goods purchased they are interested in boosting the price, and more interested in using up and wasting material than in conserving it. As one manufacturer put it: "We have known it often to happen that a good, big order has been placed just before vacation time, even when the goods were not needed." Another states that he has known of cases where an employee would empty goods into the sewer so that he could make another requisition and get his rake-off. Loyalty to the interests of the employer is impossible under such a system. It also exposes the young and inexperienced in various callings to severe temptations and all the miseries that flow from the conflict between conscience and self-interest, or cowardice.

In connection with efforts to introduce new products graft has a direct bearing on advertising. As stated in *Printers' Ink*: "The whole theory and practice of advertising are predicated on the assumption that the purchaser is making a free and unhampered choice on the merits of the competing products. Bribery and advertising cannot therefore continue indefinitely to survive side by side." Fortunes are spent in advertising new products. A competitor who prefers dishonest methods can render such a campaign a costly failure.

Both from the moral and material aspects, bribery is the most costly and useless method of competition ever devised by the wit of man. In an industry afflicted with this disease competition in price, service or quality gives way before competition in corruption. In the majority of cases, however, bribery has been resorted to as a method of self-preservation, and honorable business men have been forced to yield to accepted custom. As one manufacturer aptly expressed it: "We have the choice between doing the same as other manufacturers do, in which case one feels like a crook, or refusing to do it and losing the business, in which case one feels like a sucker. I have tried both plans and know whereof I speak."

#### Guess Who Pays

AND who pays eventually? In England, according to Lord Justice Smith, the consumer pays. "If a vendor bribes a purchaser's agent, of course, the purchase money is loaded by the amount of the bribe. It can not be denied." The German anti-bribery league reported that "goods become considerably dearer, for the sums spent on bribery are calculated into the price and at the same time they are depreciated through working with inferior materials." A report from New Zealand is to the same effect. A manufacturer's representative in America recently stated that the ultimate consumer has to "foot the bill." It goes without saying that where a bribe is paid to an employee the bribe is added to the purchase price. Another stated that "where a manufacturer has the back-



The practice is not a new one.

in collecting a commission alleged to be due from a salesman. Such employees lose sight of the fact that the seller has done his full duty in supplying an article that meets the specifications of the employer and sincerely believe that they are entitled to be compensated by the seller for exercising the ordinary skill required in using the goods. In the majority of cases, however, elaborate precautions are taken to conceal such payments. This in itself is evidence of a consciousness of wrongdoing. Such a letter as the following is sufficiently plain to the initiated though harmless enough upon its face:

"I am about to send you some new sugar, and I am sure you will like it. If you will use it instead of the molasses you have, there will be one-fourth. See how you like it, and I hope you will do all you possibly can."

And more than one concern, in more than one industry, in meeting the demands of these extortionists, has taken the precaution to send and receive such mail only from the post-office of a nearby city.

Selecting at random from a mass of cases involving the corruption of employees, we see payments ranging from 10 cents to 40 cents per gallon on one product, from 5 to 25 cents per pound on another, \$3 to \$25 per barrel on another, and from 5 to 25 per cent on



bone to refuse he is branded 'a tightwad,' when the fact is that all such only increases his expense and must be loaded onto the cost of his product, hence paid for by the public in the long run."

Fifteen States have carried anti-bribery laws on their statute books for the past ten years. Prosecutions are conspicuous by their absence. The Federal Trade Commission has recently accomplished more in eighteen months than any other single agency, Federal or State. This success is due in a large measure to the cooperation rendered by certain industries suffering from the effects of the practice. Few manufacturers tolerate bribery if they once see an opportunity to sell goods on their merits, and this feeling is shared by the vast majority of their salesmen. Activity along these lines is one of the biggest fields for vigorous trade association work, as it is only by continuous cooperative effort that any industry can permanently eradicate this evil. As a matter of fact, complete success in association work can only be attained when competitors have confidence in each other's commercial integrity, and it has been demonstrated that commercial bribery has done more to destroy this confidence than any other crime on the calendar.

An opportunity is also presented for inter-association activities, as the elimination of graft is one matter, at least, in which buyers

and sellers have a common object. Any trade organization that takes vigorous action to free an industry from this nightmare has more than justified its existence, if it never accomplishes anything else. But the mere adoption of codes or resolutions will not serve. Codes of ethics bind only the ethical. The activity which brings success includes the elimination of slush funds, known variously as "private expenses," etc., the proper supervision of expense accounts, and the complete and final abandonment of all mental reservations and the desire to accomplish secretly and by indirection that which one would not do openly and directly. They must not only clean house, but must have the courage and determination to fight if necessary. When this is once demonstrated it will seldom be necessary.

Big business in England is cooperating. The Bribery and Secret Commissions Prevention League was organized just prior to the passage of an effective statute for the sole purpose of preventing the law from becoming a dead letter. Not only industrial concerns but numerous trade organizations have affiliated with the league, and its membership is steadily growing.

In Germany, the latest records of the Verein Gegen das Bestechungsunwesen showed a membership of upwards of 1,500.

The machine industry in Sweden has strug-

gled manfully against the evil in the absence of any law making it a criminal offense. An organization, Maskinförernas Förening Mot s. k. Memliga Privisioner (Mutor) was created in 1903 and a criminal statute is being drafted. The cooperative movement has also taken foothold in Canada. The most striking corrective development in recent years is furnished by New Zealand. In addition to enacting a comprehensive criminal law, corporations are required to have their accounts audited by "chartered accountants" who would render themselves liable to severe punishment for passing or permitting any illegal item to be concealed. The apparent assumption is that an accountant licensed by the state owes a higher duty to the public than if employed by any private client.

In this country pioneer work has been done by the paint and varnish industries, which created an Unfair Competition Bureau at Washington for the purpose of cooperating with the Federal and State authorities and preventing the evil from ever securing a new foothold. This organization has no counterpart in the world, unless perhaps it is that found in Sweden. The Swedish machinery industry, however, lacks the aid of the government, which in this country has proved of much assistance to the paint and varnish industries. One significant result of the ac-

(Continued on page 79)

# Here's Businesslike Government!

The Texas oil boom made cities of unorganized little towns overnight—chambers of commerce met the emergency, establishing schools, railway yards, lighting systems and streets

By CHESTER T. CROWELL

*Assistant Manager, West Texas Chamber of Commerce*

**O**IL booms are passing strange and most unconventional affairs. Let the thick, black stream of wealth appear near a town and it accomplishes overnight more in the way of city boosting than the ordinary commercial organization could do in a generation. This dazzling form of city promotion can very easily prove embarrassing.

When the oil boom came to Central West Texas the machinery of government simply broke down under the strain. Little towns which had been wide places in the road for decades suddenly became bustling cities of 2,500 to 10,000 population—nearly all men. Railroads were inadequate to handle the freight, "dirt roads" became impassable bogs in the wet weather. But the counties had no funds with which to build new roads.

Towns sprang up on the bald prairies and committees went out to find enough legal residents to incorporate them, so that a government could be established, but in several instances it was impossible to find even fifty men who had lived there six months. As a result no city government could be organized under the State law. Such was the early experience of both New Town and Desdemona.

It became immediately necessary to bridge streams that flowed between some newly developing oil field and the nearest point on the railroad where derrick timbers and steel casing could be unloaded. The county governments had no funds because taxes had been levied on the values of the year pre-

ceding the boom. Something had to be done unless the whole vast development program involving hundreds of millions of dollars for some twenty or more counties was to be abandoned.

That was unthinkable. The new citizens turned to the organization of chambers of commerce for relief. These became, by necessity, the government.

It is a very interesting fact that most of them functioned efficiently. All of them functioned promptly—and that was the main thing, because time is not only money but whole bales of it in the development of a new oil field. A government might have had to follow precedents, give legal notice of ten days or thirty days or sixty days, call elections, and adhere to the sacred red tape. The chamber of commerce could meet any night on short notice and "go to bat" with the new problem instantly.

In the early days of the boom, while millionaires were sleeping in bunk-houses or on the ground, it was nothing unusual for a chamber of commerce to meet in a corrugated iron shed and launch the stock subscription campaign for a strictly modern fire-proof hotel. Slight wonder that the men present, some of whom had perhaps not been able to wash their faces that morning, subscribed liberally to the stock.

Road and bridge work of the utmost importance was handled in this way out of almost every community in Eastland county,

which includes the oil centers of Ranger, Eastland, and Cisco. The communities of Stephens and Comanche counties worked similarly, among the most progressive being Dublin, Stephenville, Comanche City, De Leon and Gorman, all of which grew rapidly during the boom—and the end is not yet.

Within a few weeks the chambers of commerce in the oil fields were administering almost everything except the criminal and civil courts. Oil operators would report that a road had to be constructed and their engineers would estimate the cost. A special committee of the chamber of commerce would apportion this among the merchants, users of the road, and all who could properly be asked to contribute. Fortunately these committees were in possession of a plan which had been used a short time before in apportioning the share each man should take of the Liberty Loan quotas. With this as a basis the work was carried forward with the growth in population of the community.

It was a matter of only weeks until a request for twenty or fifty thousand dollars for a road or bridge ceased to be viewed as a large lump sum, because each person interested could estimate what his share would be. The funds would be raised within a few days and actually available in the bank, with no cost of collection except the very moderate overhead represented by the maintenance of the chamber of commerce. In some instances it was possible to begin work on a road or bridge



the morning the collection of the funds began.

But roads and bridges were not the only problem. They were merely the first problem. Within a short time the influx of population had swamped the school facilities. Not only was there a shortage of school buildings and teachers, but the teachers then employed were leaving because they could not live on their salaries under the new costs of living which came with a boom condition. A special committee of business men would take up the problem with the county school superintendent and find out about what was needed and what it would cost. Within a few days the problem was reduced to what Jones and Smith would have to put up as their share of the total, and the secretary would go out with his list.

### Two Examples

**T**WO of the most notable examples of this work were at Wichita Falls and Ranger. They are worthy of citing because nowhere else in the oil fields was the problem more severe. Ranger grew from a population of about 900 in the summer of 1917 to 25,000 in the fall of 1918. At no time was the school system abandoned. When a city government was finally formed in Ranger, Secretary A. M. Turner of the Ranger Chamber of Commerce was elected city manager with the broadest powers he could be given under the State constitution.

Wichita Falls grew from about 13,000 in 1917 to upwards of 30,000 in 1918. Some said 50,000. No one really knew. At any rate, when the school system was about to collapse the Chamber of Commerce stepped in with money to rent buildings, employ teachers, and raise the pay of those already employed where necessary to hold them.

Eventually subscription lists became so common that busy men would scarcely look at them. They knew that if the color of the folder, size of the paper and name of the special committee were right and the list was in the hands of the secretary, the whole thing had been handled fairly and properly. They wrote their checks and probably asked what it was all about at the next meeting. Many of these men were selling more goods in a week than they had sold the preceding year. They were short of all kinds of labor. It was, and still is, nothing unusual for a Central West Texas merchant to ask his wife to summon as many of the wives of the neighbors as she can induce to serve behind the counters. But with all the rush, they did not intend to see the school system go under.

The postoffices fought a good fight but soon began to stagger under the burden. Letters were written to Washington. Replies came back explaining the situation in great detail. Perhaps "two more clerks could be allowed"—at a salary which was half what negro laborers were receiving for driving wagons. Something had to be done, because the mail service was vital. The

postmaster was summoned and stated his needs. Special funds were provided instantly and the clerks installed.

Some weeks ago it became the duty of the writer to take up the postal requirements of Central West Texas with Washington. The



You must have heavy equipment to drill a well. During the Texas boom it became necessary in many cases to build roads before the machinery could be brought to new pools.

First Assistant Postmaster General stated that their efforts to handle the problem had been hampered somewhat by the fact that many postmasters did not report to Washington at all, but to their local chambers of commerce.

I smiled. I know why they did that. It brought results within a week or less. Quite naturally, the department, operating under the law, couldn't move so rapidly. In fairness to the department, however, it should be said that some of the funds thus advanced were repaid and that only the earnest endeavors of the department kept the service from complete collapse.

Within a short time after the development of a new oil pool would begin, pressure would be felt upon the limited freight yards. Terminal facilities were more of a problem than the single-track lines. Requests were made for prompt unloading of freight. These requests were enforced by local chambers of commerce. When requests were made for restriction of demands for freight cars to the most essential needs, these matters were also handled by special committees of the chambers of commerce. So effective was their work that many threatened embargoes were avoided and others ended sooner than rail-

road officials had thought possible. Especially efficient work along this line was done by the Wichita Falls Chamber of Commerce.

In numerous instances the city water supply broke down under the increased demands. A company would be formed at a meeting of the chamber of commerce. Stock would be subscribed and a few days later engineers were surveying some nearby stream or picking the location for a well. Electric-light plants were built similarly and in at least one instance, at Eastland, rebuilt three times as the population steadily grew. The same was true of hotels, laundries, ice plants and natural-gas mains.

Nearly every chamber of commerce listed all the available beds in the community. If you wanted to rent a bed you applied to the chamber of commerce—not the owner of the bed. The latter course might have resulted in his walking all day and then sleeping in the street at night.

In the larger towns and in Fort Worth, which is the nearest city to the oil fields, the pressure upon the supply of office space became severe. In most instances the newcomers could outbid the older renters. Turmoil was avoided by having special committees inspect the office buildings, inducing everyone who could do so to give up some space. The Fort Worth Chamber of Commerce leased a building and remodeled it for office purposes. Through this office building as a clearing house all the various rooms obtained here and there could be made available in groups of the right number. A man would give up three rooms and move into two in the new building. His neighbor would give up five and move into three in the new building. That assembled eight rooms which might furnish locations for anywhere from one to eight new firms.

### Ahead of Local Government

**O**PERATING through the chamber of commerce has been such a success in the oil counties of Central West Texas that it will require months, perhaps years, for the government to resume its portion of the work of organized society. In some places where money has since become available for roads and bridges the county government officials do not understand the requirements of roads which must bear heavy truck traffic. They discuss roads which the users consider would be inadequate. Immediately the chamber of commerce proceeds to handle the matter independently.

The habit of going to these quick-fire special committees with their apparently limitless funds has been formed. Until the public officials who will come as the local governments are better organized and prove that they know what is needed, they will simply be ignored. The crisis showed that the informal organization called chamber of commerce not only would but could meet every emergency.



# Power sans Responsibility

Here is a proposal by a business group for a revision of anti-trust laws so that obligations may be placed on labor organizations as a means of reducing industrial conflicts

By CHARLES S. KEITH

*Former President, Southern Pine Association*

HAVING in mind that the rights of the people are predicated on the rights of the individual, that the whole people are merely a group of individuals, no minority should be given a right or a privilege which can be exercised to invade the rights of the individual or all the people.

While a right might be vested in an individual, it should not necessarily be vested in a combination of individuals. An individual might have the right to fix his prices. A combination of individuals does not possess such a right. An individual has the constitutional right to work or not at his pleasure. A combination of individuals should not possess such a right. At least, neither should possess such right uncontrolled or unregulated.

With this thought in view the Chamber of Commerce of Kansas City, believing that the people had certain rights in opposition to the rights or privileges exercised by certain groups and vested in them by the Clayton Act, has adopted a resolution through its Board of Directors which clearly embodies a constructive remedy for the situation, to-wit:

They recommend that no class of individuals should be granted a right by law that is not granted to all classes of individuals.

## Sympathy for the Under Dog

THIS means that they have recommended the Clayton Act should be repealed insofar as it confers class privileges. In the repealing of the Clayton Act, or such portion thereof as removes preference under the law, the exemption of agriculture, horticulture and labor associations would be removed and they would again come under the Anti-Trust Statute with all other American citizens.

Recognizing that these organizations and others have certain functions which are lawful but uncertain under the law and are in the public interest, it has been proposed in the resolution of the Chamber, that the Federal Anti-Trust Statute be amended so as to provide that all combinations, understandings or agreements which are injurious to the public shall be unlawful, and consequently, all combinations, understandings or agreements not injurious to the public shall be lawful. This revision would bring general business and industry under the same provisions as would apply to labor, agriculture and horticulture and would provide for such combinations as are not injurious to the public.

The law as it is proposed to be amended would leave agriculture, horticulture and other associations in a position where they could carry out all of their lawful functions which are not injurious to the public. As an illustration, agriculturists combining for the purpose of marketing their products would not be opposed to the public interest but would really be in the interest thereof in or-

der to cheapen the cost of distribution.

The Chamber of Commerce also recommends that the Federal Anti-Trust Act be further amended so that all organizations that would avail themselves of the provisions of the Act should make themselves legally and financially responsible for the acts of their officers, their agents, and their members, and the failure to do so would make such combinations unlawful, as it would be construed to be a combination injurious to the public.

The individual would be made secure in all of his constitutional rights, as which the act of such combination might not be injurious to the public, yet it could injure the individual. The individual could bring civil action to recover his damages.

As a final recommendation, the Chamber proposes some effective legislation providing that arbitration should be enacted into law and made a part of the anti-trust statute. There is a consensus of opinion among constitutional lawyers that any form of compulsory arbitration is unlawful, but Congress can amend the Anti-Trust Act so that the failure to accept the findings of the Court of Arbitration would be construed as an act injurious to the public and would in effect be a compulsory arbitration act, although not one in fact.

In offering this suggestion for legislation, the Chamber of Commerce is offering the only real constructive plan I know of, and one which if adopted will materially reduce the number of industrial disputes and losses to the public incurred thereby. It would operate to make each conservative member of labor organizations watchful of the acts of his association because of his and their financial responsibility. He would attend its meetings and take an active part in its conduct. This is something that he does not do now. It would result in closer study of

their affairs and a restraint upon radical leaders.

There is without doubt a public sentiment today in favor of curbing this power. The question is: Will that sentiment be organized and crystallized into action? Or will it simply be as it always has been? As an example, the *Country Gentleman* says editorially:

"The employers' group missed the opportunity of a lifetime at the conference at Washington when Mr. Gompers submitted for endorsement the simple principle of collective bargaining. It should have been assented to with the understanding that the proposition should carry with it the obligations and responsibilities that naturally and logically follow.

"The judgment of society is bound to approve the principle of collective bargaining, and for the reason that in no other way can the man who has nothing but his hands ever hope to meet, upon anything like equal terms, the vast combinations of power in the form of capital and of organization now necessary to conduct the business of society.

## To Cancel Special Privileges

"IT is because of this and because of our natural sympathy with the under dog that the laborer has won and has held, even in the face of great inconvenience and loss, the substantial endorsement of the public in his long, hard struggle upward step by step and against great odds, even though some of his methods have seemed revolutionary and the consequences of some of his acts often exceedingly hard to bear.

"In all of this, labor has accepted and enjoyed all the advantages of organization without incurring any of its obligations; in other words, it has been thoroughly irresponsible except to the dictates of its own impulses. As certain capitalists, gone mad with power, used to say 'Let the public be damned,' so certain labor leaders, drunk with the results of many victories, have been saying, 'Let the public freeze,' even when the wages of the soft-coal miner has been pushed to fully twice the labor income of the farmer, who incurs the risks and responsibilities of a considerable business with capital investments running into the thousands.

"Now, labor has its rights, but it also has its duties and obligations, for even unlimited power has no right to assume and to enjoy irresponsible advantages over society. \* \* \*

With power comes responsibility in even measure, and when organized labor claimed the right to collective bargaining as the only way in which to protect itself, that proposition should have been accepted, claiming in

return that when labor obtains that power it must accept corresponding responsibilities as the only way to protect society."





# How Will It Work?

A plan for averting industrial disputes has been advanced, this time by the President's Industrial Conference—Here is what leading American business men think of its proposals

**T**HE need of the hour the world over is increased production. One of the chief causes of reduced output is the prevalence of industrial conflicts between employers and employees.

A new plan for doing away with these wars has just been advanced in the preliminary report of the President's Industrial Conference, which has asked for suggestions and criticism from both capital and labor.

THE NATION'S BUSINESS presents here the views of a number of business leaders on the practicability of the Conference's proposals. They give a wide range of opinion and it is the belief that they will be helpful in the situation.

## Rights—and Obligations

By JOHN W. O'LEARY

*Vice-President, Chicago Trust Company*

**T**HE tentative proposal by the President's Industrial Conference for machinery to adjust disputes presents an interesting combination of the idea of our federal court system and our jury system applied to industry. I believe its form is an improvement over existing mechanisms and does therefore offer a more satisfactory method than now exists.

As I understand it, the plan submitted contemplates as a prerequisite for adjustment continuing operation of the industry affected. The importance of this feature cannot be overestimated. Unless new machinery for adjustment can be so constructed as to lessen the stoppage of industry it will have failed to accomplish progress. Provision for option as to whether or not an umpire may make final determination indicates the care with which the plan has been prepared.

Whether or not the plan suggested, if made operative, will be successful in lessening strikes, depends on personnel and the use or abuse of the machinery. The conference has apparently guarded the personnel to insure fairness, as well as it is possible to guard it.

The use or abuse of the machinery created depends on the spirit in which employer and employee accept it. If the President's conference in its elaboration of the tentative plan or in further enumeration of suggestive platform can insure the use of the contemplated Boards only for honest and sincere adjustment of legitimate differences within the establishment concerned, there will result more general approval from employers and employees. Experience during the war may serve as a guide in determination of desired procedure.

I do not know whether the Conference expects to suggest the basic principles on which the Boards will operate. Thoughtful consideration of basic principles is of utmost importance to assure success. We have drifted so far from an understanding of the fundamentals of citizenship in permanently successful democracy, that it will probably require much of education to return to the right understanding. The citizens in industry do not differ in this respect from the general citizenry. We hear today only of rights of

## The Conference Suggests

**A**NATIONAL Industrial Tribunal, composed of nine members, three to represent employers, three employees and three the public, to serve as a board of final appeal.

Regional Boards of Adjustment, to be selected from panels composed of employers and employees, which would be presided over by a chairman appointed by the President, who would represent the public.

Regional Boards of Inquiry, made up in the same fashion as the Boards of Adjustment, which would institute investigations of disputes when either side failed to take advantage of the facilities of the Adjustment Boards.

Umpires to be selected by Adjustment Boards to consider disputes when boards might be unable to agree on decisions.

Agreements reached to have the full force and effect of trade agreements which the parties would be bound to carry out.

The men composing this conference are Secretary of Labor Wilson, Herbert Hoover, Martin H. Glynn, Thomas W. Gregory, Richard Hooker, Stanley King, Samuel W. McCall, Henry M. Robinson, Julius Rosenwald, Oscar S. Straus, Henry C. Stuart, F. W. Taussig, William O. Thompson, Henry J. Waters, George W. Wickersham, Owen D. Young.

citizenship and are all jealous of what we consider our rights. Democracy will fail unless we return to first principles—those of obligation.

So, I believe if the Conference or the Machinery suggested by it will abandon the present day temptation to outline "rights" and will base its principles on "obligation" of employer, employee, and public, each to the other, much good will result.

The United States has been an example to the world of a government of, by, and for the people. It has survived because it has always insisted on recognition of obligation—as between nations, sections, states, and citizens. It would be a healthy indication if we returned now to first principles of our government.

## Some Exceptions Taken

By WILLIAM C. REDFIELD

*Former Secretary of Commerce*

**T**HE preliminary statement of the Industrial Conference says "We have as yet failed to adjust our human relations to the facts of our economic interdependence."

This is too largely true but it is not true

everywhere and it varies in degree in many places. This is admitted in the next clause of the statement which says "The process toward adjustment, though slow, nevertheless goes on." I doubt if this puts full value upon the real facts of the pending and progressing adjustment.

I cannot agree with the next statement which says: "The right relationship between employer and employee in large industries can be promoted only by the deliberate organization of that relationship." The words "can" and "only" are too strong. It would be better to substitute the word "cultivation" for the word "organization."

As a simple matter of fact the right relationship in large industries is promoted now by the cultivation of the human relations without necessarily the formal organization of them. The matter is one of spirit rather than of organization. If the men in control of any special organization of capital have the right spirit of human relationship, they cannot avoid that spirit permeating down through the force of their employees.

This spirit is the controlling force. It works unseen but mightily. It is the basic and ultimate fact of the whole matter. True, in the absence of that spirit organizations may be required but they are substitutes and no tribunal will ever take the place of the right spirit between human souls who ought to work together and who must work together. Let the spirit of common kindly human relationship prevail on both sides and the rest is relatively simple.

This is a truism, you say possibly, but true just the same and the truth, indeed, which lies behind and which must sustain all organizations.

## A Step Forward

By ARTHUR CAPPER

*United States Senator from Kansas*

**I**HAVE read with much interest the plan suggested by the recent Industrial Conference for the settlement of industrial disputes. While I cannot subscribe fully to the details of the plan, without doubt the general idea is a step in the right direction and can be developed to mutual benefit.

The great need in industrial America at this time is a better understanding between capital and labor, a more sincere appreciation and recognition on each side of the rights of the other and of their common responsibility to society. We must keep in mind as never before that the interests of the public are paramount. There is widespread demand for some agency or provision of law that will minimize and if possible prevent strikes. Above all there is an aversion to the use of force.

There are two sides to every question and there is a common meeting point. I have always been a firm believer in getting together and talking things over and I am confident that such a conference of contending industrial forces, if supplied with facts properly and impartially presented, will do more than any strike or any other agency to adjust disputes.



But some means must be devised to get the facts. That is where the compulsion should come in. There should be compulsory investigation, conducted by impartial investigators, into all industrial differences which threaten the public interest with a view to learning the facts and presenting them clear of prejudice. I have confidence in the ability of American laboring men and American employers to adjust their differences if brought together in this way and I believe the settlement of our industrial problems rests upon the development of such a program.

### Proper Principles Needed

By GUY E. TRIPP

*Chairman Westinghouse Electric International Company*

I GIVE below the first impressions I have received from reading the statement of the President's Industrial Conference.

I assume the Industrial Conference plan for Boards of Inquiry and Adjustment is designed to support the following statement in the introduction of the preliminary statement of the Industrial Conference:

"The plan which follows does not propose to do away with the ultimate right to strike, to discharge, or to maintain the closed or the open shop."

If this be true, I have no criticism to make upon the details of the machinery.

However, machinery which is set up to deal with the adjustment of industrial disputes will, it seems to me, drift into regional inconsistencies and uncertain policies unless it functions in accordance with pre-established principles; and, if the introduction before mentioned is an outline of these principles, there are some in which I do not fully concur.

I doubt if any plan will "yield to the individual a larger satisfaction with life." The most that can be done is to create conditions which ought to yield a larger satisfaction with life, and I think the present high standard of life of the American workman ought to accomplish this if "satisfaction with life" has to do principally with material things.

If, on the other hand, it is a closer human relationship between the employer and employee which will be the basis of a larger satisfaction, the introduction assumes that the policies of the employer are solely responsible for the present lack of it. This idea culminates in the paragraph "Not only must the theory that labor as a commodity be abandoned but the concept of leadership must be substituted for that of mastership."

I do not believe that employers generally treat labor as a commodity or assume mastership over it. With but few exceptions large employers of labor are constantly studying ways and means by which they can come in closer contact with their employees and bring about a fuller feeling of mutual confidence. Therefore, I have the feeling that a new machine probably of excellent design is about to be launched and that it will function upon the erroneous and dangerous principle that the employers of labor in the United States have been and still are dealing with their employees in an arbitrary and unjust manner.

If I were to suggest anything, it would be to establish a set of principles which recognizes the fair-

ness of the American employer as being one of the principal factors which has established a standard of living for the American workman far beyond that of any other country in the world.

### No Practical Results

By ALVAN MACAULEY

*President Packard Motor Car Company*

AS was to be expected the Industrial Conference called by the President has not yielded any practical results. Undoubtedly the discussions proved most valuable for educational purposes, and used in conjunction with the coal strike, they must have opened the eyes of many to the danger of allowing any minority, however powerful, to dictate to the whole nation.

It is clear that the questions considered by the conference are not to be disposed of by the adoption of a formula, nor by any success which may attend attempts to promote sectional or class interests. National success is based upon individual effort and freedom of opportunity. In maintaining this basis we shall necessarily have wide variations of method and viewpoint but we shall at any rate be approaching a fuller recognition of the common interests which underly all social and economic relations and which is entirely ignored in the propaganda of those who speak in the name of the labor union.

### American in Spirit

By A. LINCOLN FILENE

*William Filene's Sons Co., Boston*

WHEN in London recently I asked one of the most prominent Trade Union leaders, who represents over 200,000 workers, how the labor situation in England would work out. "The time has gone by," he replied, "when a union can ask for wages and other conditions without finding out first just

what the industry can bear. We are sending sixty of our organizers to Ruskin College to get the fundamental knowledge of economics which would enable them to understand the factors governing this."

This was a constructive attitude. Disputes handled on the basis of impersonal facts take on a different color from those carried on in a state of temper and ignorance of basic information. Properly safeguarded, the plan of industrial tribunals proposed by the President's Industrial Conference has this one great virtue—it makes possible calm conference and fact discussion between parties to a dispute, and under helpful auspices.

Such a procedure is American in spirit and in keeping with the soundest thought and practice in the field of industrial relations. For this reason I should like to see the plan in operation. It will make for more light and less heat in dealing with acute labor situations.

### Changes Suggested

By FRANK WATERHOUSE

*President Associated Industries of Seattle*

THE Associated Industries of Seattle approve the proposed triple classification of disputes and government workers' right of association, but not their affiliation with striking bodies.

We disapprove the apparent limitation to government workers in the administration of justice, public order and safety. We think this should include teachers, those in the postal service and others.

We approve the provision that bodies controlling services and rates of public utilities should also control wages and condition of work.

We suggest that the national industrial tribunal be composed of seven, instead of nine members as proposed, three representing the public, two representing labor, and two representing the employer. We suggest that the regional industrial board consist of seven, one chairman, two selected from the panel representing the public, one selected from the panel of the employers and one selected from the panel of the employees, and one appointed by employers, and one appointed by employees.

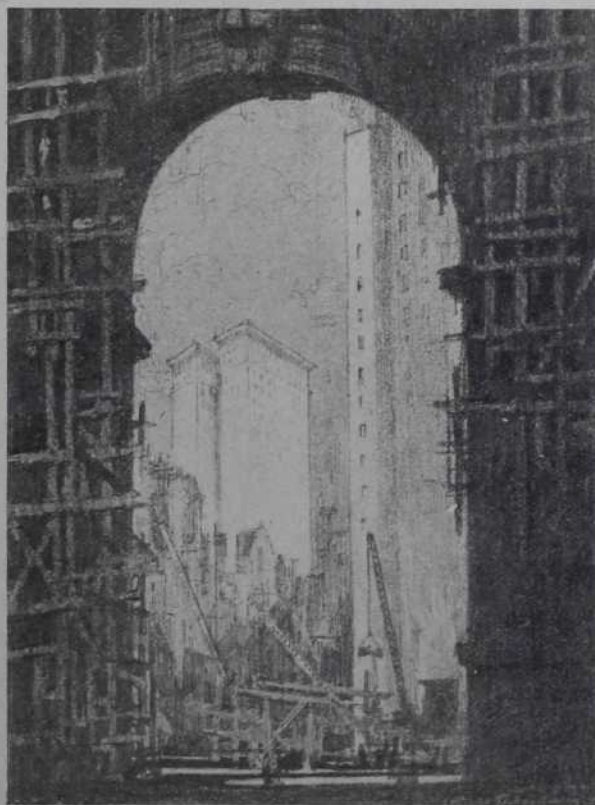
We suggest that in the event of a pending strike a regional chairman in his discretion might take a vote of the strikers on the question of whether they would appear before the adjustment board by appointment of representatives or not. We assert that eighty per cent of strikes called are called by the voice of a small minority and not by a majority. Above method will obtain the real expression by properly protected secret ballot.

### May Prove Disappointing

By HOWELL CHENEY

*Cheney Silk Company*

THE preliminary statement of the Industrial Conference called by President Wilson presents a tentative plan which, as applied to industry, is compulsory only as regards an inquiry into and publication of the facts found in regard to industrial disputes, and is optional (subject to prejudice for non-acceptance) as regards the acceptance of arbitration and adjustment.





An examination of the plans and the accompanying statement would indicate the intention to set up a machine which, under the driving motive of fear of prejudicing one's interest, would work towards the arriving at settlements of industrial disputes without cessation of work. The plan, however, presents no suggestions of a guarantee for the enforcing of the adjustments made or of the agreements based on them, except in so far as a better informed public opinion might influence their enforcement.

The commission frankly stated their doubts in the ability of any legal machinery to accomplish much, and rightly so. These doubts will be accentuated with the general conditions surrounding the coal strike so freshly in mind, in the case of a board which has no other power than an inoperative or unexpressed public opinion to enforce its decisions.

The plan assumes, looking towards employers, that the prejudice which will be created against a party to a dispute who refuses to submit his case to adjustment will compel such arbitrations as a more general rule. Has the commission overlooked the fact that prejudice against a labor organization which breaks its contracts is powerless to present an apparently increasing repetition of such catastrophes? Even considering the political difficulties involved, it would be better to face frankly and squarely the question by making all voluntary trade or labor associations composed of members who are engaged in the production of articles going into interstate commerce subject to suit in a Federal court for breach of contract.

Having imposed a degree of responsibility as a measure of universal practice and fair dealing, an influence then might be created in favor of a particular class of trade agree-

ment—i. e., those which were made with the approval of the National or Regional Boards of Adjustment, that they were subject to interpretation by such boards, and even to alteration if it could be shown that the conditions under which they were made had materially altered.

The Commission has advanced a valuable plan which will be of material assistance in better informing the public as to some of the underlying causes of industrial disputes. Its direct curative power I believe will be disappointing. It presents possible sources of danger in so far as it may encourage compromises at the expense of the public rather than the determination of exact justice between employer and employee.

The power "to require the production of books and papers pertinent to the inquiry" must be most carefully safeguarded so that it may not be subject to the use and abuse of unscrupulous competitors or designing politicians.

### Plan Gives Promise

By PAUL L. FEISS

*President, Cleveland Chamber of Commerce*

THE preliminary report of the second industrial conference, containing a plan for Boards of Inquiry and Adjustments, gives hope that this conference will accomplish the task which the first one was unable to do. The plan suggested seems to be not only workable, but gives promise of vitalizing the force of public opinion by procuring through impartial tribunals carefully selected, accurate analysis and presentation of the facts entering into labor disputes.

While the plan obviously does not concern itself with prevention, it should supply the

means through which settlements can be more readily procured than in the past, and out of their experience valuable data can be recorded and studied.

It seems to me that this plan would be strengthened if this element were given emphasis—in other words, it seems to me that there should be connected with any national program a bureau of industrial research, which shall not only tabulate but shall concern itself with all of the matters which enter into the relationships between the employer, employed and the public. Trained and disinterested students and investigators should be used to digest matter and present it to the public, not merely as history but with conclusions and recommendations. The intimate knowledge which the proposed tribunals will be able to collect would be of great value to such a bureau.

Dealing more specifically with the plan itself, it would seem desirable that a method for rearranging or changing the system might well be arranged through some definite charted method. In other words, the plan is necessarily an experiment, and it is quite possible that slight or important changes may be necessary as experience demonstrates.

The preliminary report is indeed hopeful, and it would seem that out of it should grow a permanent conference, or commission. If a research bureau such as suggested is established, its findings could be submitted to such a conference or commission, through whom it should then be given publicity. What is most needed at this time is leadership, and the public will give its confidence to a group such as is now in session, particularly when it is known that the information upon which its findings are based is the result of scientific and thorough study.

# The Man from Port Sunlight

Lord Leverhulme makes soap—also he has made something of a stir with his profit sharing and welfare plans, not to mention his espousal of an abbreviated working day

By GEORGE T. BYE

*London Representative of The Nation's Business*

LORD LEVERHULME, the British soap monopolist, who is now visiting America, has many characteristics that we are proud to call American. For one thing, he has sleeping porches on his barrack houses; in this he is unique among Britons. He is a family sentimentalist. We had supposed that a peculiar American trait. The "Hulme" termination of his title is but the maiden name of his deceased wife, to whose memory he reverently pays homage. He is a good roads enthusiast, and likes to swap stories.

So different is his office from all other British offices that one smilingly (and with patriotic conceit) imagines he got the idea from American business photoplays. He sits in the center of a great array of desks in the well-lighted, well-ventilated headquarters of Lever Brothers at Port Sunlight, the model factory town he has built near Liverpool—and dictates to three stenographers at once! He amassed his colossal fortune, created the most gigantic soap concern in the world, was made a baronet and then a baron, with no aid of family prestige or inheritance.

An early idea of his was that "hands" was a hateful description for workers, though generally in vogue in Great Britain; also that they and he were co-workers in the employ of the great boss, the consumer. So he romped with his subordinate co-workers in great "get-together" picnics and social meetings—and started a "house organ." More American every year, you would say, if you were glancing over his chronology, but bear in mind that ultimately he became a baron of the realm.

And he is a personal prohibitionist, never touching liquor in any form, constantly conducting propaganda among his friends for the drinking of cool, pure water, yet not aligned with the "dry" forces of the British Isles. In this particular he must feel at home in the United States. He has made endowments to schools and public gifts of paintings. He bought the London palace of the Duke of Sutherland alongside Green Park, facing Buckingham Palace, and presented it to the nation as a home for the London Museum.

Rather like an American multimillionaire?

If we continue holding up our American mirror to Lord Leverhulme; however, we may reluctantly come at last to the opinion that perhaps it was America that learned from him. An English commentator wrote the other day:

"It must never be forgotten that Lord Leverhulme was the pioneer in improving industrial conditions. He had the idea long before the Americans, or anyone else, erected the magnificent garden cities and modern factories which are now so common in different parts of the world." Yet we find him constantly tracing inspiration to the careers of Rockefeller, Carnegie and Ford. They are the great figures in his philosophy, as the Congo is in his setting for chaos, and the United States the world's great example for industrial justice. "We have—in the United States," he said in 1918, "a splendid object lesson as to what can be done, notwithstanding the existence there of the world's highest rate of wages, by means of labor-saving machinery."



to obtain the world's lowest cost of production."

It was in 1917 that the King conferred "the dignity of a Baron of the United Kingdom upon Sir William Hesketh Lever, Baronet, by the name, style and title of Baron Leverhulme, of Bolton-le-Moors, in the County Palatine of Lancaster." Not only did Lord Leverhulme form his single name in peerage from his and his wife's family names, but he adopted his little home town as his baronial seat, and required that his coat-of-arms be impaled, that is, divided so that it was conjointly emblazoned with the coats of husband and wife.

He had become Sir William in 1911, but he still has many employees who prefer to address him as Mr. Lever, to which he does not object. No; he laughingly tells about it. Not only that, but he is often disposed to make fun of his appearance, believing that he lacks the proper commanding manner suitable to his position. He has told of long drawn-out altercations with English and American visitors who persist in asking for him when shown into his presence.

He is short, quite stout, square of outline. He was born 70 years ago, the son of a wholesale grocer. He came from the Bolton Church Institute School at the age of 15 with several prizes for mathematics, and went to work in his father's grocery at 25 cents a week. By the time he was 17 he had taken charge of his father's books and had swept out the more old-fashioned methods of accounting, though he could not induce his father to overcome his distrust of private bank checks, newly introduced, which the careful grocer would post to his firms torn in two, each part being separately mailed with a different handwriting on each envelope.

### Low Wages in Those Days!

WHILE he was still drawing a quarter a week, he and the future Lady Lever (she died before he became a baron) were engaged to be married; the future business magician *knew* he would get ahead. He was raised to \$5 when he became 21, and at 22, to calm his restlessness, was made his father's partner and sent on the road. At 25 he had bought another wholesale grocery establishment in his own right, and a short time later had made an experimental venture into the manufacture of soap, which at once decided him. In 1885, with a capital of \$20,000, he started out to buck competition backed by millions.

The inspiring story does not end late in 1919 when he had absorbed the last of the competing soap makers in Great Britain, controlling great factories in the United Kingdom and the rest of the world, particularly Europe, by the scores. No; he embarked recently in the food business; is a margarine manufacturer on a great scale; bought millions of acres of tropical land for coconut oil; and has further gone out to new sources of fact, by becoming an enormous fisherman. This last determination came to him after he had bought the large island of Lewis. He had wanted it as a site for another home, also to exercise his penchant for road building. When he saw how inefficient were the island's fishermen, he quickly organized a great industry for them in which modern refrigeration plants will play a great part.

These all are great achievements, but it is not so much for this record that he has won preeminence. His bland blue eyes do not make him imposing. His luster as a human being is not to be attributed to his generally

known foible of wearing a new suit of underwear every day. Just as Carnegie is best remembered for his gifts of libraries, Lord Leverhulme is a shining figure in the world because:

He instituted a co-partnership scheme with his employees years ago;

He is a tireless and practical exhorter for

### He Has a Sleeping Porch!

WHILE we and the rest of the world were arguing at a great rate over the merits and failings of the eight-hour day, Lord Leverhulme came over to pay us a visit. His bland proposal of a six-hour day for certain monotonous occupations, coming, as it did from a very successful monopolist, added a further complication to this particular subject. Whether you agree with his six-hour day theory or not, Lord Leverhulme's achievements as a manufacturer are not to be discounted. Furthermore his ideas of profit-sharing, housing and the like are attracting more and more attention. This "self-made" Britisher has many characteristics that we like to term "American." He probably is the only Englishman in existence who uses a sleeping porch. Mr. Bye brings the man and his creed vividly before us.—THE EDITOR.

a 6-hour day for labor. Thus he explains his faith:

"Labor working six hours a day, as has been proved over and over again, can produce in six hours the maximum it is capable of in monotonous occupations. We shall, therefore, be able to pay for six hours work at least the same rate we pay for eight, because labor will be capable of as much work in six as in eight hours. The machinery will produce more, and out of this combined effort, the human element, working two shifts of six hours each, the mechanical element working twelve hours or more, we shall have two funds created, one for reducing the price of the article and the other for increasing wages on the top of the reduction of hours. . . .

"The six-hour working day does not mean some hours gained for loafing. It is not intended to produce a loafer's paradise within the United Kingdom, and I say, without hesitation, that there is not a single man, or woman of those who would be benefited by a six-hour working day, who would not feel themselves to be insulted if he or she were thought capable of viewing the proposal in that light. A six-hour working day will enable our educational system to be extended from the time when the boys and girls leave school at fourteen. . . . at the age of twenty-two they will have had an opportunity of acquiring an education of mind and body which will be superior to that attained by the average of students attending Oxford, Cambridge, or any other of Universities. . . . the extended education commenced at the age of fourteen will be continued until the age of thirty and so equip the United Kingdom with super-citizens."

In predicting an industrial war and the ultimate downfall of the simple wages system,

Lord Leverhulme said in an address at the Manchester Athenaeum in 1916:

"I find from old records that it was nearly 40 years ago—in the year 1877—that I began to experiment on lines which, 11 years later, namely in 1888, led me to adopt a system of what, for want of a better name, I called Prosperity-Sharing. But it was not until 21 years after that, namely in 1909, that I adopted Co-Partnership completely and fully, as a practical business relationship between so-called employer and employee. If you asked me where I first met with the idea of Co-Partnership I should have to answer with the Lancashire man who was asked where he first met his wife, and who replied: 'I did not meet her, she overtook me.'"

He continued: "The Capitalist has a deep-rooted belief in the fallacy that the lower the wages and the longer the hours worked by Labor are, the lower the cost of production must be—the falsehood of which has been proved, over and over again, by the low wages and long hours of Hindoo and Chinamen, as compared with the lower cost obtained by the extremely high wages and shorter hours of the United States. Labor has a deep-rooted belief in the fallacy that there is only a certain limited amount of work to be divided amongst an ever-increasing number of workmen, and that, consequently, restriction of output is the most sure and certain way to provide work for all, the falsehood of which has been proved by the fact that restriction of output has been shown always to act as a deterrent to consumption and to demand for labor; while the increased output per man in the United States has stimulated and increased demand and resulting employment and wages.

"How can we harmonize these conflicting elements? Only by Capital identifying itself with Labor, and creating for Labor the same economic environment and conditions as Capital itself enjoys. Only by entrance into co-partnership can Capital and Labor be brought together, and only by Co-Partnership can they be harmonized."

### He'd Go to the Limit

THE extent to which Lord Leverhulme would spread Co-Partnership has no limit. As he said: "If high wages, short hours, good housing meant finality to Labor unrest, then Labor would not be a man but a vegetable. Labor has economic interests that also require satisfying. To harmonize Capital and Labor, a ladder must be provided from the humblest position in industrial organization to a seat on the Board of Directors. . . . The only possible way of harmonizing Capital and Labor is to provide both with the same outlook by dividing the profits their joint labor has created fairly and squarely between them. On this system each will also automatically share and suffer from losses when they have to be faced."

"Capital must not expect that Labor, after Co-Partnership, will cease to make demands for higher wages, or relinquish its right to combine in Trades Unions, or will not show disaffection if other conditions irritate, or create a feeling of oppression; and, equally Co-Partnership must not be ship-wrecked by Labor expecting that Capital shall cease to fill its function of control and to maintain discipline.

"An intelligent Co-Partner, receiving full trades union wages and working trades union hours (including, when such is the rule, either bonus, premium or piece-work additions), is bound to realize the value of



his efforts to the business as a whole, as well as to himself as an individual. And so the outlook of the Co-Partner becomes broad and he becomes keen to adopt new methods calculated to produce a larger output with lessened cost of production, with the result of adding to the profits in which he himself, and all Co-Partners, share. Opposition of trades unions can only be based on some fundamental misconception which assumes that the interests of Capital and Labor are diametrically opposed to each other. Time, and the steady growth of the Co-Partnership movement, alone can correct this."

Before hearing Lord Leverhulme describe his 6-hour day plan, which he understands was practiced by St. Paul and the other tent-makers in Biblical times, we will briefly describe the Lever Brothers' Co-Partnership Scheme. An employee signs this application form:

To the Trustees of the Partnership Trust in Lever Brothers Limited. Gentlemen: I, the undersigned, request that a partnership certificate be issued to me under the above trust, and I will undertake that if the issue is made I will in all respects abide by, and conform to, the provisions of the Trust Deed and the Scheme scheduled to it, and will not waste time, labor, materials or money, in the discharge of my duties, but will loyally and faithfully further the interests of Lever Brothers Limited, its Associated Companies, and my Co-Partners, to the best of my skill and ability, and I hand you herewith a statement in writing of the grounds on which I base this application.

For the purposes of the certificate distribution the staff is divided into four classes, directors, managers and foremen,

salesmen, general staff. The certificates are transferred to employees in proportion to wages each year, varying from nothing in the rare cases of apathetic Co-Partners to 25 per cent. The average given is from 10 to 15 per cent. Their dividends call for 5 per cent less than that paid to ordinary shareholders (which concedes a normal rate of interest to Capital), but the dividends on the certificates of Co-Partnership are paid in 5 per cent Cumulative Preferred Ordinary Shares which draw full rates so long as they are held by the Co-Partners to whom they were originally allotted, that is, besides the guaranteed 5 per cent the Co-Partner receives a further dividend in cash of a total sum equal to that paid on ordinary shares. The dividend shares are cashable at par value at any time.

The Co-Partner share certificates, of course (not the ordinary shares), are cancelled if employment ceases, also if bad faith is evident. The minimum age limit for this Co-Partnership is fixed at 22 years, and certificates are not given until after four years' service. There is no sex discrimination. Additional certificates are granted each year if the Co-Partner is found worthy, and there is a right of appeal from a decision of the management to a joint committee of the staff and management, with final appeal to the chairman, Lord Leverhulme.

Lord Leverhulme frequently addresses trade unions and other labor bodies. He has spoken bitterly against class distinctions on many occasions, and in spite of his peerage claims to have as many friends in the labor movement as in the Liberal (progressive) party to which he is an inactive member, though once elected a Liberal Member of Parliament. Labor in Great Britain is sus-

picious, even of itself. Unions are jealous of each other. In this atmosphere it can be understood that Lord Leverhulme should be a puzzle to many trade unionists. He loathes philanthropy and paternalism in industry, and that leaves them up in the air. To answer the general question, "What is he going to get out of it?"—Lord Leverhulme answers briskly, "Greater production, more profits, but principally a better citizenship."

### What the Farmer Thinks of It

FARMERS like everyone else, are tiring of strikes and threats of strikes. A request for expressions of opinion on the anti-strike provision of the Cummins railroad bill, sent out by the National Grange to thirty-three state masters, develops an overwhelming advocacy of this feature of the measure.

Replies have come in from states representing a large share of the Grange's membership. Only one master in this number failed to endorse the anti-strike provision. He did not oppose it, but expressed himself as doubtful of its value. Masters in New England and New York representing 250,000 farmers and in Western states in which the Grange is strongest, came out unqualifiedly for legislation to prevent strikes.

While this method of referendum gives the individual farmer no opportunity to vote on proposals the National Grange points out that the masters came up though the ranks of the Grange and are representative of the opinion of farmers.

In November the National Grange voted in its annual meeting against government ownership of business unless clearly in the public interest.



Lord Leverhulme and guests in the grounds of his residence near London



# Our Neighbor's Surplus

Uncle Sam, becoming concerned over the possibility of his producers being undersold at home, takes a tip from his competitors and busies himself with legislation against dumping

**A**N anti-dumping law which is as automatic and as impartial as a sorting machine seems to be a great desideratum just now. Ever since 1916 we have had a law, but it is not of the self-operating, perpetual-motion variety; before it goes into action such illusive things as "intent" upon the part of an individual—and he may be on the far side of an ocean—have to be established.

Dumping has been described by the Tariff Commission as the sale of imported merchandise at less than its prevailing market or wholesale price in the country of production.

To get the full meaning of dumping in its technical sense one has to ponder each word in the definition, and then turn to the phraseology of the actual law in which the definition is actually applied. That there has been dumping in the United States in the past there has been plenty of evidence. Even our neighbor across the northern border, which has caused our manufacturers a deal of trouble with its inexorable law against dumping, has participated in dumping goods in the United States.

That all practices of foreign producers who send food to our markets do not come within the definition of dumping, however, appears from an analysis made by the Tariff Commission of 146 complaints it received. Of the lot it set down 23 as instances of undoubted dumping, 97 as examples of severe competition, 8 as arising through under valuation, 7 as involving imitation of American-made articles, 5 as examples of deceptive imitation of trade-marks, and 4 as cases of deceptive labeling.

A dumping law of the automatic sort is proposed by a bill which the House of Representatives passed in December, without any member finding real fault with it or seeking to vote against it. The measure is now before the Senate Committee on Finance.

## How It Applies

**T**HIS new bill applies to any import, whether dutiable or free, the like of which is produced in the United States in substantial quantities. Whether or not there is production here of a substantial quantity is to be determined and announced by the Secretary of the Treasury. In fact, the whole machinery of the bill is placed in the Treasury Department. This makes possible the operation of the plan automatic, or as nearly automatic as such a thing may be. The customs officials who deal with all imports will be the agencies that will detect the dumping, and set going the levers that will cure it.

It is at this point that the most difficult part of the draftsman's work probably came, in preparation of the bill; for it is not altogether easy to set up a formula which will on sight identify a shipment as part of a scheme of dumping. To be sure, he had the laws of Canada, South Africa, and Australia



to look at, and some of their errors to contemplate, but he probably moved with deliberation and circumspection.

Eventually he formulated a triple standard. The "foreign home value" was the first part of it. The "value to countries other than the United States" was the second, and the "cost of production" was the third. All parts of this triple test are not to be applied simultaneously. If the first part can be ascertained, it governs; in default of a "foreign home value," the second standard is applied; if neither of these two values can be ascertained, the third method comes into play.

Whatever the one of the three standards that may be used, it has to measure up to the "sales price"—i. e., the price at which the importer actually acquired the goods in the foreign country plus the cost of packing. If the "sales price" is the lower figure, a special duty is forthwith levied equal to the difference. For example, if the price in the ruling French market were \$15 and the price at which purchase was made for importation into the United States was \$10, there would be a special import duty of \$5 in addition to any regular duties, always provided a like article is, according to the Secretary's proclamation, produced in the United States. If there is no substantial domestic production, there will not be a special anti-dumping duty. In each case the situation is clearest with articles on the free list; a foreign country might sell such an article in its home markets at 5 cents a pound, at 6 cents to purchasers from Europe, and at 10 cents to American importers, and the special duty would not be levied.

Each of the values that may be taken into account is defined. The foreign home value is the value at which similar goods are freely offered for sale in the principal markets of the country of exportation, for consumption there, plus cost of packing, and less any excise tax levied on the goods. If the article is not sold for local use, but for export to different countries, the basis is the price at which sold for shipment to countries other than the United States. If neither of these values is obtainable, the cost of production comes into play.

The cost of production as used in this bill means cost of labor and material at the time of actual manufacture, plus the general expenses, plus a profit at the rate usual in the country on such articles.

Foreign manufacturers may be presumed not to relish an inspection of their books by an agent sent by our Secretary of the Treasury, but in that event the bill would force them to accept a taste of the experience of American manufacturers who have shipped goods to Canada. Besides, the person importing into the United States has to lend his help in persuading the foreign manufacturer not to become recalcitrant. If there is persistent refusal of the foreigner to open his books, his products are automatically excluded from the United States.

When Canadian agents have appeared at the offices of our manufacturers, they have merely said they had no right to compel the manufacturers to open their books, but if the manufacturers exercised their undoubted privilege to keep their books shut certain consequences would follow. The present bill proposes to try this scheme on the other fellow.

## England Busy Too

**E**NGLAND has had a more elaborate bill before the House of Commons, in accordance with promises made in the elections that precautions would be taken against dumping from Germany. To anti-dumping provisions the British Ministry added special provisions regarding key industries, with which we may deal in separate bills which have passed the House, and added a big "Trade Regulation Committee," with powers of embargo and all that. This measure brought forward in November had much likeness to a bill of a year before, which did not get far, and itself made little progress, because of the opposition its various proposals brought down on it. At best it cannot now get consideration before Parliament reconvenes in February, and it may then be pared down to something like our own anti-dumping bill.

The British bill, as it stood in December, had a special provision to guard against the effects of rates of foreign exchange; a clause reads that if a country's currency depreciates in relation to the pound sterling and the cost of production in the country does not increase sufficiently to overcome the resulting differential, and as a consequence goods produced in the country in question may be imported into England at prices below the British cost of production, the importation into England may be altogether prohibited. This indicates England's great concern about dumping that might affect her industries.

Anti-dumping statutes represent a type of legislation that may become popular in countries with industrial interests of their own, and may considerably add to the complications of doing business internationally.



# New Styles in Economics

Commercial scientists once devoted themselves to endless discussions of theories and abstractions; here they point the way on pressing matters from prices to the national restlessness

By HOMER HOYT

*Professor of Economics, Delaware College*

IN the good old Roman days whenever trouble in the shape of an invading army, the "flu" or an eclipse of the sun hovered over the commonwealth and threatened to plunge all mundane affairs into abysmal woe, the purple-robed politicians hastened to the oracles for guidance and assurance. Today as economic unrest stalks abroad and seeks to frighten us with its pallid features, it will be an interesting experiment to appeal to economic oracles with the hope that the professors who have long been shut up in cloistered studies or musty libraries will be able to lift the veil that hides our business future.

A whole broadside of bullet-nosed questions is discharged at these 500 professional economists gathered from all parts of the United States to attend the meeting of the American Economic Association, and such kindred organizations as the American Statistical Association, the American Sociological Society, the American Association for Labor Legislation, the American Association for University Instruction in Accounting and the American Association for Agricultural Legislation that has just concluded its meeting in Chicago. What is the cure for labor unrest? When will prices fall? Will business prosper in 1920? Shall we abandon the Railroads to the Railroad Brotherhoods?

Unlike oracles of the past, however, the answers given by the economic oracle were not evasive and ambiguous, and the replies were not confined to a simple "yes" or "no" but embraced a careful analysis of all the forces at work so that any layman could draw his own prophecies and predict his own future. Contrary to popular expectations the economic oracle indulged in few platitudes and confined itself for the most part to hard, cold facts.

The price experts reported one element as unpredictable, which would have a decisive bearing on the future course of business—viz: the Federal Reserve Board, which holds the destinies of business in the hollow of its hand. If the Federal Reserve Board immediately raises its discount rate and thereby curtails loans and builds up its reserve, a slight period of business depression will result. That this is the wise and proper course for the Board to pursue, however, was the unanimous opinion of all. A slight business depression now will be a great blessing in the long run because it will purge our industrial system of its labor unrest, its extravagance and waste, its many weak firms with high costs whose bankruptcy has long been over-due, and its over-confidence and inflated prices in some lines. By the end of 1920 the beginning of an unparalleled business revival would probably follow. The shortage of houses, the need for railway equipment and industrial supplies gives rise to a booming market. The buying

FIVE HUNDRED professors of economics and sociology met in annual convention last month. Conspicuous by their absence on the program were the time-honored abstractions "The Law of Compensary Averages," "The Monetary Theory as Exhibited in the Brass Coins of Thibet," etc., etc. Instead there appeared such 1920 questions as the future of prices, labor unrest, the railroad situation, the relation of government to business, international trade, and the excess profits tax.

We asked Mr. Hoyt, with whose contributions our readers are familiar, to attend the conference and give us a report of what our professional economists are thinking on present-day business questions—and preaching to the rising generation.—THE EDITOR.

power of farmers and laborers fortified by present high prices and high wages should accelerate this demand, while business firms will be in a stronger position than ever before to meet it.

But if the Federal Reserve Board refuses to call a halt and continues to make loans liberally, the breaking point of our financial system is not far away, according to Prof. Moulton. Although the Federal Reserve Board has increased its gold holdings by two billion dollars since the war, its loans have almost reached the limit of safety. One billion dollars more in loans and the reserve will stand at the 40 per cent deadline. Already we have dropped from the 87 per cent reserve of four years ago to the 45 per cent reserve of today. It is better to take a depression now in easy stages than to let it come with a crash later.

Other prophecies were made, the foreign exchange situation and the possible end of the present labor war. An increase in immigration to its pre-war volume unless European conditions improve was foreseen by Prof. John R. Commons.

## The Unrest

LABOR unrest was the sole theme of several discussions and it obtruded into many another discussion where it was not invited. What are the causes?

A consciousness of power resulting from the stopping of immigration and the decimation of the ranks of labor by war has made labor bolder in asserting its claims. The deadly monotony of many kinds of work and absentee control of industry by men who have no sympathy for the workers' position were reasons given by Dr. Royal Meeker, the U. S. Commissioner of Labor Statistics. From whatever source the unrest springs, however, all were agreed that present-day laborers do not exhibit the old pride of workmanship and do not feel themselves a part of the present business system. Success in industry depends upon the closest kind of coöperation. Prof. Henry B. Gardiner, President of the Amer-

ican Economic Association, emphasized the fact that the decline in production caused by the industrial unrest is the economic problem of today.

Dr. Meeker declared that if we could arouse the workers' creative instinct and instil in him a personal interest in his work, we would tap a tremendous source of industrial power comparable in magnitude to the unused force of the tides. Higher wages and shorter hours alone would not win the employee's sympathy and arouse his personal interest. If labor exercises its power without any sense of responsibility to its employer or to the nation as a means to get more wages and shorter hours it will in

the end cut off its nose to spite its face. But the worker should be incorporated into the industrial system by making him feel more strongly that he has a personal interest in production, says Professor Gardiner. By giving him an actual voice in the management, says Dr. Meeker. Industrial conferences and shop committees that did not insure actual participation in management would be of little avail. Many other economists and business men, however, thought that shop committees and industrial conferences between employers and employees would nip in the bud the grievances that grow into industrial unrest. Col. C. C. Williams of the Ordnance Department described the industrial council at Rock Island Arsenal that had satisfactorily adjusted the many daily problems arising between employers and men and had produced better organized team-work by applying "common sense to industrial plant relationship." The Industrial Assembly of the Goodyear Tire and Rubber Company consisting of a "Senate" of 20 employees and a "House" of 40 employees was cited as a very satisfactory solution of the difficulty in one factory although not a cure-all for every ill. The Industrial Conference in the printing trades that had succeeded in several cases in adjusting wages on the basis of statistics on the increased cost of living since 1914 was described by Mr. F. H. Bird. Prof. Deibler of Northwestern University told of the democratic and successful means of adjusting labor problems in the clothing factories of Hart, Schaffner and Marx.

The Plumb Plan was characterized by Prof. J. M. Clark of the University of Chicago as labor control of the railroads under the rosy illusion that the railroads could be made to yield a fat dividend to labor. "Labor would be the judge in its own case," said Prof. C. O. Ruggles of Ohio State University and would probably use its majority power to raise wages so that there would never be any profits to be shared in by the public. The Plumb Plan could only reduce costs of operation or increase wages



by confiscating the property of investors, according to Pierpont V. Davis of the National City Bank. The manual laborer would be placed above the executive and the railroads would be dominated by political appointees and labor bosses at the time of greatest need for unhampered initiative. The economists replied to Plumb's assertions that millions were supporting this plan because it was in keeping with the spirit of the Declaration of Independence with the statement that the chief reason for the support of labor was the promise of heavy financial rewards which the impoverished railroads could not fulfill and that the reason for the support of other classes could be traced to weaknesses in our present system of railway regulation. The Cummins bill, however, with its provision for compulsory pooling would remove, it was thought, many evils without plunging our railroads into too risky a venture.

#### Government and Business

"A BETTER umpire and not better laws" expresses in summarized form the opinion of Prof. William F. Gephart of Washington University of St. Louis as to what is most needed in the relations between Government and business. Administrative efficiency of the Government has failed to keep up with the rapid growth in the complexity of modern business. Rules preventing efficient business men from achieving results under the Government were cited. Dr. L. H. D. Weld of Swift and Company urged that the meaning of "unfair competition" be

more clearly defined beyond the varying interpretations of officials at Washington. Different treatment for different types of business enterprises was urged.

#### And the German Indemnity

THAT the German indemnity might prove a boomerang to the allies was suggested by Prof. Frank W. Taussig of Harvard University. The Germans can pay the indemnity only by exporting a surplus of goods to the amount of one billion dollars a year for many years to come. She has not gold enough and her paper money would probably be valued abroad only as wall paper. In order to market this surplus, the Germans must be allowed to sell their goods in the world market in competition with the products of America, Britain, France and Italy. The dilemma presented is a German world market and payment of the indemnity or no German world market and no payment of the indemnity. After all Germany is giving away her exports and the volume of her trade is but the measure of her guilt.

Prof. Robert M. Haig of Columbia University pointed out that a strong British sentiment in favor of retaining the British Excess Profits Tax at a rate of 40 per cent instead of 80 per cent plus forecasts a possible similar action in this country. The experience of the British has not been altogether satisfactory. Evading the tax has been considered by many a fascinating game. A small shop keeper lowers prices to the point where there is no profit to be taxed in

the hope of building up a goodwill that will yield in the future; a big manufacturer deliberately runs his factory at half capacity because, with the government taking 86 per cent of his excess profits, it is no longer worth while to exert himself. These objections to war excess profits tax are expected to disappear, however, when the tax is lowered to 40 per cent and when its permanency removes hope of being able to escape it by putting off profits. The American situation in this respect presents some problems of its own. According to Prof. Thomas S. Adams of Yale University, if back tax claims now being held up for lack of auditors were settled, the Government would receive from half a billion to over a billion dollars and further resort to an excess profits tax in addition to the income tax would be unnecessary. The difficulties of administering the present complicated and uneven system of excess profits taxes make its retention of doubtful value. It should be reserved for emergency occasions like war, according to the same authority. Other economists disagreed with Professor Adams. Prof. David Friday of the University of Michigan contended that there was no other adequate source of supplying the needed revenue and that the excess profits tax was inherently just.

Retention of the tax with a lowering of the present rate, modification of the unsatisfactory definition of invested capital, and the abolishment of the distinction between corporations and partnerships was urged by other economists.

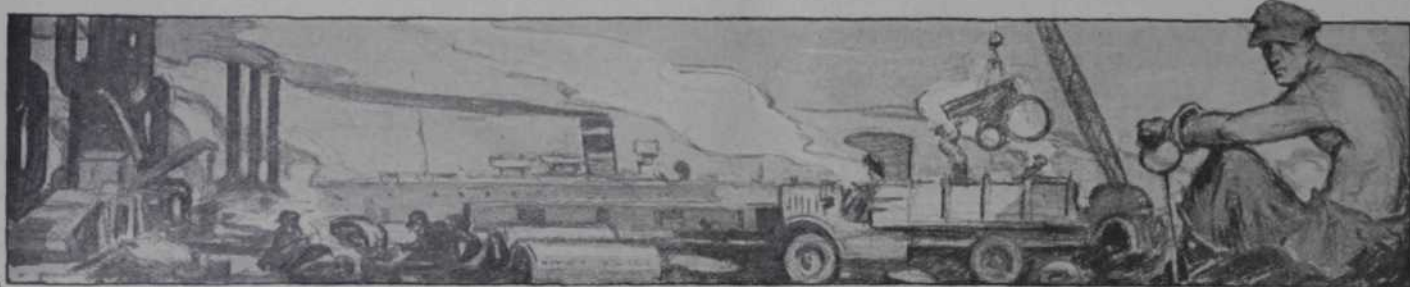


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The Promised Land! Study the faces of these immigrants as their ship is warped into its berth at New York. They show faith, suspicion, prayer, fear, regret, timidity, sullenness, hope—nearly every form of distrust and aspiration

that the heart can feel. If they find this a land that persistently ignores their ideal and coldly exploits them, all the blame is not on their side if they accept the welcome of radicals and swell the forces of unrest that hinder industry.





### A New Champion, Forsooth!

**B** RITISH CAPITAL has an altogether unexpected champion. If capital were to be represented in an allegory as a fair maiden about to be seized by a villain and carried into a far country, no less a personage than George Bernard Shaw, well-known to some circles that like a little piquancy mixed with their everyday hum drum, would now appear as the knight errant. The query is whether or not the ending would be *happy*.

It is to be feared not. In the first place, it is an article of artistic faith with Mr. Shaw that endings should not be *happy*. But the gentleman insists upon being explicit; he calls upon the world to witness that he has no very warm place at his heart for capital, and he goes out of his way to assert he has no association with business men, whom he proceeds to ridicule as innocents who do the same thing over again on each succeeding day without knowing what they are about. By way of proving there is complete impartiality in his lack of the milk of brotherly kindness, in the next breath he whacks his fellow socialists over the knuckles, on the ground that they are a dishonest lot, given to ways of insincerity and other unethical performances. By dint of being at one and the same time a socialist and an Irishman, Mr. Shaw possesses all manner of advantages in oratorical strategy.

On this occasion Mr. Shaw is lured from ordinary dramas to the real stage of practical affairs by a current discussion in England of the possibility of a levy on capital—say, of 25 per cent—as a means of paying off at once a goodly portion of the British war debt and proportionately lightening the load of future taxation. In this suggestion Mr. Shaw sees the “economics of bedlam.” The mere thought of capital, he finds, causes summer madness in most folk, and he accordingly brings forth his lash with an apparent hope that his application of it to the hide of the body politic may have great therapeutic value.

This whip is no clumsy thing of hippopotamus hide, nor a cat-o'-nine-tails. It is long and pliant and makes a tremendous and sinister noise when it whistles through the air in the hand of its master. Every mother's son who had suggested a levy on capital undoubtedly felt the goose-flesh rise when he heard that stinging sound. For Mr. Shaw avows that capital is merely the “spare food from the last harvest.” In the United Kingdom this annual saving he estimates at \$2,000,000,000, and that he pronounces the physical limit of taxation.

His brother socialists who talk of a capital levy, he says, know that under their scheme capitalists would be unable to pay cash and would be compelled to hand over their scrip to the government, divesting themselves of their incomes. Thus, the government at one stroke would repudiate an entire block of the national debt and nationalize a lot of privately-owned industries.

The mere thought of this result causes Mr. Shaw's Irish to rise. He denounces the whole idea as a thoroughly dishonest method of attaining ends which as a socialist he desires.

In “deviating into common sense” Mr. Shaw gives every sign of having a thoroughly good time.

### What War Did To Labor

**W** AR AND WAR WORK made a heavy draft upon our workers. Estimating the number of males of producing age in the United States at 286 per 1,000 of population, the Secretary of War has published statistics showing that the war took 108 of them for its prosecution and the special activities it needed for its

support. Thirteen were fighting in France, 6 were behind the lines in France, 16 were in the Army in the United States, 5 were in the Navy, and 68 were engaged in war work in the United States.

### A Light For the Blind

**T** HE DOUBLE DUTY FINGER GUILD at Ampere, N. J., stands as a beacon light for the blind industry. The young blind man and woman can now secure work in industries, provided they are otherwise normal. The electrical industry has proved most practical for them, and they have been found to be skilled at the numerous hand operations in the manufacture of electrical machinery.

Dr. Schuyler Skaats Wheeler of the Crocker-Wheeler Company at Ampere has opened for blind people commercial opportunity on strictly business principles, with no taint of charity. The Double Duty Finger Guild, accentuating the idea of the double duty performed by the fingers of the blind—that of seeing as well as of working—instructs novices in taping coils with linen, mica and asbestos. Dr. Wheeler has, in Paris, also instructed the French in possibilities for blinded soldiers in the electrical industry.

In England, he met Sir Arthur Pearson, the blind publisher, at the head of the work for blinded soldiers of the Empire who cooperated with Dr. Wheeler in every way. Representatives of all the big electrical companies in England came together and voted to take up the work. The Japanning department has been found suitable for blind labor, machine work—especially the notching machines and drilling machines—has been found ideal.

Making boxes for shipping motors and expert stenography is even not beyond them. Miss Jessie Lewis, blind assistant to the Superintendent of the Double Duty Finger Guild created and introduced in 1910 the American Braille shorthand system for blind stenographers. Some insurance companies will now insure a blind employe at the same rate as a sighted employe, and every blind workman employed at Ampere is protected by insurance.

### War Bills Again!

**I** NFORMAL WAR CONTRACTS upon which the War Department passes under the law of last March were to be reported to Congress. On November 29, the War Department made its report, needing the services of a motor truck; because the detailed statements it had to submit filled eleven file cabinets of four drawers each, and three bound volumes.

A summary which the Department thoughtfully sent along is the only part placed in print and available for general examination. It occupies 85 pages. To November first \$1,181,000,000 had been approved for payment, on 4,668 claims, for the most part under contracts which had been written out before the armistice but had a technical defect in signature. Of this amount \$1,056,000,000 are for articles actually delivered to the government and \$126,000,000 in compensation for expenditures and obligations incurred, but not resulting in delivery of articles by reason of curtailment of production at the government's request.

There were pending 2,700 claims in which the existence of contracts or the terms had not yet been determined, and 2,185 claims in which the existence of agreements had been established but adjustment had not been reached.

The question of salvage values has interested the House Committee investigating expenditures of the War Department. In November it reported a resolution which would ask the Secretary of War to review settlements of claims in which contractors were allowed to keep as part of the adjustment, buildings, machinery,





or materials owned by the government. On December 10 the committee in effect acknowledged the report transmitted from the War Department by restating its views to the House, and by saying that the duty of review did not fall upon it but upon the War Department which, in conjunction with the Department of Justice, can institute any proceedings for recovery. A minority report from the House committee disagreed with the majority's point of view and said that the resolution earlier reported has now been abandoned.

### The Star of the Thrift Campaign

**F**UEL CONSERVATION recently became of personal importance to every one. The Railroad Administration, the world's largest consumer of coal, has been seeking ever since May, 1918, to continue the efforts earlier begun by some of the railroads to prevent waste.

With an aggregate consumption of 184,000,000 tons of coal in 1919 the Railroad Administration obviously has some possibilities, and now reports that in the first nine months of the year it effected a saving of 10,000,000 tons. In order to bring such an amount of coal within the understanding of the average man it estimates that the coal it saved would make a train 2,064 miles long—or a string of coal cars extending by the Pennsylvania from New York to Chicago, back to New York by the New York Central, and doubled on itself as far as Albany.

Stated in another way, the saving equals almost a week's production in the United States.

### Some Eminent Shoes in the Street

**H**ARD for human beings to see very far ahead—even financiers. Not so long ago bankers believed automobiles would become a drug on the market and when William C. Durant wanted to buy the Ford Motors Company for eight million cash, he couldn't raise the money in Wall street. Well the 1920 automobile output looks like three million cars with signs of still more wanted, and the Ford Company is worth about forty times its value ten years ago.

So with movies. Bankers saw them as a passing craze—sure to go to the wall. Producers were given the loud "Ha-Ha" in the financial district. But now—look for the motion picture quotations along with steel, railroads, rubber and such. The Goldwyn Pictures Corporation, to cite only one instance, has interested the du Ponts and the Chase Securities Company. 450,000 shares are to be sold.

The movies, as a new security, have arrived. When you invest today in Charlie Chaplin's shoes or Mary Pickford's ringlets, veteran bankers do not necessarily regard you as in need of institutional restraint. They are more apt to commend you for your astuteness.

### Commercial Hari-Kari

**A** SUICIDE CLUB, and the greatest on record, is a new role for an industry, but that is the possibility our Commissioner of Navigation sees in the British coal industry. Looking at export coal as the factor around which British trade and shipping have for years been built, he computes a deficit in export coal cargoes from the United Kingdom in 1919 as equivalent to 19,000,000 net tons of vessel space.

What happens in the British coal industry, therefore—whether it recovers and again becomes a normal factor in ocean trade or withholds its support from the great fabric of England's overseas

business—our official says will be a large element affecting the type of vessels we should build, the ports to which they should run, and the financial arrangements of our steamship companies and exporters at home and abroad.

It will scarcely do for us, though, to become too forward in making plans on an assumption the British coal industry is going to commit hari-kari upon behalf of itself and the rest of its country. When Parliament shut up shop in December, for a vacation until February, the bill which had been prepared for doing some new things to the coal industry had been placed in the discard, and it was apparent that "nationalization" of British coal mines was an exceedingly remote contingency.

### 'Tis a Sad Story, Mates

**T**HE SEAMEN'S ACT does not prove to be the handy statute some mariners imagined. A Belgian vessel arrived in New York several years ago. Members of the crew left the ship, and subsequently demanded half their wages. The federal district court said they were entitled to have them. The Circuit Court of Appeals came to the opposite conclusion, declaring that under American law desertion is still an offense and causes forfeiture of wages.

### Shirts on the Installment Plan

**T**HE output of silk factories in the United States for the past year about trebled their output in the last census year, 1914. The manufacturer's valuation is about two and one-half times the value of the raw silk imported. Imports of silk manufactures from other countries aggregate about fifty million dollars. Exports of silk products about twenty-five million. All of which reveals the fact that during the past year the people of the United States have been paying a billion dollar silk bill. Never have prices for raw silk from abroad been so high, yet more raw silk has been imported than ever before. In Chicago they're even selling silk shirts on the installment plan. Wage earners and small traders seem to be buying widely. Why is it that a silk shirt seems a badge of luxury and aristocracy and the possession of one so sought for, even in the face of extravagance. Meanwhile the Bombyx Mori, or common silk worm, keeps right on spinning industriously. He never did seem to care much about prices!

### But "The American" Got Mad

**T**WENTY-SIX YEARS AGO, an Englishman who next to Sir James Bryce has perhaps most sympathetically delineated the American spirit, sang thus of the free and easy reception we gave our immigrants:

"His easy, unswept hearth he lends  
From Labrador to Guadeloupe,  
Till, elbowed out by sloven friends,  
He camps, at sufferance, on the stoop."

Now that the Buford has sailed the ocean blue and the Kirkpatrick is rapidly filling its passenger list, perhaps Mr. Kipling will revise his estimate of "The American" in one particular. He might at least announce that Uncle Sam has left the stoop for the moment to return to his hearth and kick out those "sloven friends" who had begun to think they had titled to the place in their inside pockets.



# The Log of Organized Business

THE country's business interests have declared for private ownership and operation of merchant ships as a national merchant marine policy. Results of a referendum vote just completed by the Chamber of Commerce of the United States show that the more than 1,200 commercial and trade organizations making up the Chamber's membership approved every one of nine proposals in this regard advanced by the Chamber's Committee on Ocean Transportation.

The recommendations of the Chamber's committee, with the ballots cast for and against each, were:

Sale of wooden vessels and of steel vessels under 6,000 tons deadweight on the best terms obtainable from American or foreign bidders—for 1,235; against 235.

Sale of other government owned vessels to regional associations for transfer at cost to private individuals and corporations of the several regions—for 1,200½; against 244½.

Absorption by the government of the difference between war cost and present value of ships, as a war loss—for 1,394; against 61.

Freedom from regulation as to routes and rates—for 1,369; against 84.

Restriction for a period of years upon transfer to a foreign flag of steel vessels over 6,000 tons deadweight purchased from the government—for 1,337; against 121.

Preference for American underwriters and use of the underwriting market of the world for insurance not covered by American underwriters, without intervention by government insurance—for 1,374; against 73.

Encouragement of an American classification society—for 1,408; against 44.

A general declaration by Congress of a policy to give aid towards maintenance of a privately owned and operated American merchant marine—for 1,373; against 93.

Continuation of operation of competent American yards on private account, both as to yards and ships they construct—for 1,413; against 93.

## For Settling Disputes

AN arbitration agreement looking to the settlement of commercial disputes arising between the business men of the United States and Uruguay has just been signed by the National Chamber and the Camara de Comercio, of Montevideo. The agreement provides for an arbitration committee of nine members and a list of sixty official arbitrators in each country. This is the fourth arbitration agreement concluded between the National Chamber and Latin American organizations, the others being with Panama, Ecuador and Argentina.

## Labor and Peace

LABOR provisions of the Peace Treaty will be considered by a special committee of the Chamber of Commerce of the United States, named by President Homer L. Ferguson. This committee will confer with other trade and commercial organizations.

## Industrial Relations Principles

MANY commercial and trade organizations have adopted the "Declaration of Principles" with regard to industrial relations prepared by the National Chamber's Board

In spite of fogs and squalls, the good ship forges right along, thank you, and there are events aloft and below that are eminently worthy to be recorded

of Directors. These principles as adopted by the Board and sent out to organizations read:

"The most important thing before our country today is the defense of that underlying principle on which our whole national life has been built and our entire social structure must rest, namely, the safeguarding of the rights and liberties of the individual. It becomes necessary to awaken our citizenship to an understanding of, and an appreciation of, that fundamental. Therefore, fully to safeguard that principle we must insist that any organization, of any character whatsoever, or combination or association of persons, for whatever purpose created, which thus becomes a distinct entity, must be made responsible for its acts, or the acts of its agents, and to organization of any character whatsoever must government be permitted to show special consideration or discrimination in its favor, nor must any organization, or association, or association of persons be permitted to exercise a power of control over any of its members or others in violation of their rights or liberties as sought to be safeguarded under the Constitution of the United States."

## A New Department?

A SPECIAL committee has been created by the National Chamber to consider proposals that the government establish a Department of Public Works. Charles Nagel, of St. Louis, formerly Secretary of the Department of Commerce and Labor, will serve as chairman of the committee.

## Standardizing Terms

QUESTIONS of standardizing terms used in foreign trade will be considered by a special committee of the National Chamber.

## New Chamber Members

THE following commercial and trade organizations, 36 in number, have been elected recently to membership in the National Chamber:

Abilene Commercial Club, Abilene, Kans.  
Ambridge Board of Trade, Ambridge, Pa.  
American Steamship Owners' Association, New York.  
Andalusia Chamber of Commerce, Andalusia, Ala.  
Automotive Wood Wheel Manufacturers Association, Chicago.  
Association of Manufacturers of Pyroxlin Compounds, New York.  
The Bristol Chamber of Commerce, Bristol, Conn.  
Buhl Chamber of Commerce, Buhl, Idaho.  
Business Men's Association of Ridgewood, N. J.  
Chamber of Commerce, Gadsden, Ala.  
Chamber of Commerce, Grand Rapids, Wis.

Chamber of Commerce, Mason City, Ia.  
Chamber of Commerce, Northampton, Mass.  
Chamber of Commerce, Seymour, Ind.  
Chicago Heights Chamber of Commerce, Chicago Heights, Ill.  
Chinook Chamber of Commerce, Chinook, Mont.  
Civic and Commercial Association, Bemidji, Minn.  
Derby Business Men's Association, Derby, Conn.  
Evanston Commercial Association, Evanston, Ill.  
Fur Dressers' and Fur Dyers' Association, New York.  
Houghton Association of Commerce, Houghton, Mich.  
Huntingburg Chamber of Commerce, Huntingburg, Ind.  
Martinsburg Chamber of Commerce, Martinsburg, W. Va.  
Material Handling Machinery Association, New York.  
The Merchant Ladies Garment Association, Inc., New York.  
National Association of Importers of Hides and Skins, Inc., New York.  
National Association of Knit Goods Selling Agents, New York.  
National Association of Mutual Insurance Companies, Crawfordville, Ind.  
National Automobile Dealers' Association, St. Louis.  
Niles Chamber of Commerce, Niles, Mich.  
Northwestern Tow Boat Owners' Association, Seattle, Wash.  
Ottawa Chamber of Commerce, Ottawa, Kans.  
Peru Chamber of Commerce, Peru, Ind.  
Point Pleasant Chamber of Commerce, Point Pleasant, N. J.  
Urchsville Board of Trade, Urchsville, Ohio.  
Wellington Commercial Club, Wellington, Kans.  
The National Chamber now includes 1,273 commercial and trade organizations and 11,900 associate and individual members. The organizations belonging to the National Chamber have approximately 670,000 members. The National Chamber, therefore, is the largest organization of the kind in the world. It is less than eight years old.

## Utilizing Our Forests

IN view of the fact that the Committee on Agriculture of the House of Representatives is soon to consider among other appropriations a request for funds for the Forest Products Laboratories, the National Chamber has forwarded to the Chairman of the Committee, the Hon. Gilbert A. Haugen, the following declaration adopted in December, 1918, by the Readjustment Conference of War Service Committees held in Atlantic City:

"The Forest Products Laboratories of the United States Forestry Service have rendered valuable service through scientific investigation of the physical properties of American woods and their adaptability for structural, industrial and ornamental usage. It is of great importance to American industry that the government should extend and



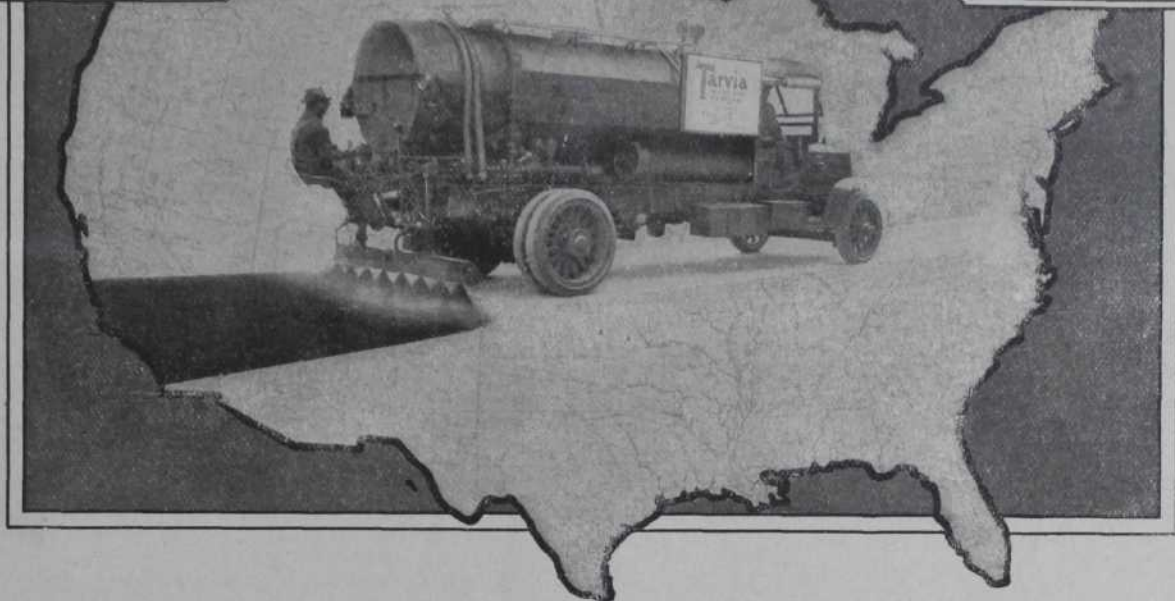


Bad Roads Waste Money

Put your town on the  
good roads map this year



Tarvia Roads Save Money



COME to think of it, is there anything so expensive to a community as *bad roads*?

Bad roads slow up business, lower land values, make markets inaccessible, isolate neighbors, cost a lot of money and waste much more.

People tolerate bad roads year after year because they *think* good roads cost too much.

But good roads *are not* expensive, if they are

built in accordance with a well-thought-out program, somewhat along these lines.

#### Consider—

1. The traffic the road will have—
2. Its initial cost—
3. Cost of maintenance—
4. Durability—
5. Ease and rapidity of construction—
6. What "Barrett Service" can do for you.

Thousands of towns and cities all over this country, have had their road problems economically, satisfactorily and quickly solved by the use of this popular road material.

No matter what your road problems may be—a road binder for new construction, a dust preventive, a preservative, or a patching material—there is a grade of Tarvia for each need.

*IF YOU want to know how to get GOOD ROADS in your community at VERY LOW COST, write today to our Special Service Department for booklet and data on this vital subject.*

# Tarvia

*Preserves Roads—Prevents Dust*

THE BARRETT COMPANY, Limited:

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Cincinnati  
Minneapolis  
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Tampa  
Elizabeth

St. Louis  
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Buffalo  
Halifax, N. S.

Cleveland  
Kansas City  
Atlanta  
Johnstown  
Baltimore  
Sydney, N. S.

#### Special Service Department

In order to bring the facts before taxpayers as well as road authorities, The Barrett Company has organized a Special Service Department, which keeps up to the minute on all road problems.

If you will write to the nearest office regarding road conditions or problems in your vicinity, the matter will have the prompt attention of experienced engineers. This service is free for the asking. If you want *better roads and lower taxes*, this department can greatly assist you.



adequately maintain the works of the Forest Products Laboratories."

### Peace Time Taxes

Believing that questions of taxation will be of unusual importance as concerns legislation the board of directors of the National Chamber has authorized the recreation by President Ferguson of a committee on taxation. As the committee in 1917 and 1918 brought forward plans for financing the war it is hoped the new committee will bring forth a plan for financing the federal government during the period when war expenses are grading into the expenditures which will be normal for the period of peace.

The committee is composed of the following: Professor J. H. Gray, Economist, University of Minnesota and Interstate Commerce Commission, Washington, D. C.; Hugh McK. Landon, Indianapolis; Prof. J. Laurence Laughlin, Chicago University; Jesse I. Straus, New York; Prof. F. R. Fairchild, Yale University; Ernst W. Stix, President, Rice Stix Dry Goods Company, St. Louis; T. B. Stearns, Stearns-Roger Manufacturing Company, Denver; Hamilton Stewart, Pittsburgh; R. G. Rhett, Charleston, S. C.; Guy E. Tripp, Westinghouse Electric & Manufacturing Company, New York.

A Committee on National Defense has just been formed by the National Chamber, the immediate purpose of which is to deal with the reorganization of the military establishment now under consideration by Congress and the subject included therein of universal military training.

The committee will be made up of prominent business men who have been connected with the government service during the war or who have been connected with industries furnishing war material and food to the government during the war. Colonel Bascom Little who served throughout the length of the war in the War Department in connection with the Ordnance service and who has now returned to his private business as a contractor in Cleveland, will serve as chairman.

The other members of this committee are: W. L. Wright, president, Savage Arms Corporation, New York; W. C. Spruance, vice-president, E. I. Du Pont de Nemours & Company, Wilmington; Ralph Crews, Shearman & Sterling, Attorneys, New York; Frank Scott, vice-president, Warner & Swasey Company, Cleveland; Guy E. Tripp, chairman of board and president, Westinghouse, Church, Kerr & Company, Inc., New York; Philip L. Spaulding, Estabrook & Company, Boston; Everett Morse, president, Morse & Whyte, Boston.

### Trade Conference in Mexico

The American Chamber of Commerce in Mexico has just called a conference of Exporters and Importers of the United States and Mexico who are concerned with the development of the trade between these two countries. The conference will be held at the American Chamber in Mexico City February 11, 12 and 13.

### Pay-As-You-Go Policy

THE Springfield, Mass., Chamber has a new plan of financing its activities. Each department will finance itself independent of revenue from memberships in the Chamber. Then these departments will sell their services. It is believed a direct financing method like this will make for more efficient management.

In the past the Chamber has been obliged to finance, out of income from membership, activities which were of particular service to certain groups of citizens. In some cases, these groups have been comparatively small, while the cost of the activity has been relatively large.

### Sacramento's Deep Water Canal

A DEEP water canal which would make Sacramento an ocean port has been concentrated upon as the biggest item upon the Sacramento Chamber of Commerce program for 1920.

### Farm Bureau

THE Memphis Chamber of Commerce, one of the largest in the South, with more than three thousand members, has operated a farm bureau successfully for six years.

### Cincinnati's Growth

THE membership of the Cincinnati Chamber of Commerce has now passed the 5,500 mark, following a recent intensive campaign.

### Chamber Aids Farmers

THE business men of Vincennes, Indiana, through the Chamber of Commerce, obtained a county agent to help farmers to produce better crops. Last year experiments were made at an expense of something like \$800 toward improving the wheat crop. It was found that where the seed wheat was treated according to the directions of the county agent, an average of eight bushels more to the acre was produced.

### Czechoslovak Chamber of Commerce in Berlin

IT has been reported in the German press that plans are under way for the establishment of a Czechoslovak Chamber of Commerce in Berlin. One of the questions under consideration is whether an entirely new organization should be started or whether the already existing Czechoslovak Division of the German-Austrian Economic Association should be used as a nucleus for the organization of the chamber.

### Campaign to Meet City's Deficit

THE Chamber of Commerce of Middletown, Ohio, has initiated a plan to raise by voluntary subscriptions a fund to meet the deficit of \$40,000 in the municipal government's revenue for 1920, which would be incurred unless important municipal activities were curtailed. The embarrassment of the city government results from existing State tax laws, and pending their change the Chamber has worked out this plan of relief. No legal obstruction, it is stated, can arise because the money thus raised can be donated to the city to be used to defray expenses of the city hospital, public library, and parks and playgrounds, thus relieving the city commission of these items and permitting them to use the funds levied for these purposes to care for the deficit in the sinking fund, police and water works departments. It is proposed to raise \$50,000 and use the excess to install street inter-section signs and construct many park improvements, such as community swimming pools, etc.

### Offer Military Policy

THE San Francisco Chamber of Commerce has sent a pamphlet entitled "A Military Policy Without Militarism," to all members of Congress, the Governor of every State, to

the War Department and to the Chief of Staff. This pamphlet contains the outline of a military policy for the United States suggested to Congress by the San Francisco Chamber after the same had received careful consideration by their Committee on Military Affairs and the approval of their Board of Directors. The plan proposes a standing army of 250,000 men, universal military training of all male citizens of the United States, training to commence at the age of 18 years, the period to be for one year.

### Motion Picture Industry

THE Chamber of Commerce of the Borough of Queens, New York City, announces that motion picture production is moving east from California and locating on Long Island. It is a fact that there are now established in the Borough of Queens six motion picture production and laboratory concerns, and it is further worthy of note that within the past six months two of the largest motion picture producing companies in the world have purchased ground and are going ahead with the plans for \$2,000,000 studios in Long Island City, viz.: Famous Players-Lasky Corporation and the Selznick Pictures Corporation.

### Philippine-American Chamber of Commerce

A PLAN for organizing a Philippine-American Chamber of Commerce has been announced. It is stated that while the Chamber will have New York membership, it will be national in character. The purpose is to develop Philippine-American commerce and to afford a forum of discussion affecting interests of those engaged in trade in Far East, especially with Philippine Islands.

### Chamber Reports in Newspapers

AT the Indianapolis meeting of the National Association of Commercial Organization Secretaries, Don E. Mowry, secretary of the Madison, Wis., Association of Commerce, urged the printing of the annual report of commercial organizations in the daily newspapers. His plan provided for all organizations affiliated with the National Chamber taking a page of newspaper advertising at one time in one month. Mr. Mowry believes such action would result in giving a big impetus to the commercial organization movement in cities where local chambers are already established. The Madison, Wis., and Wheeling, W. Va., organizations have tried out the plan with marked success.

### American Chamber at Tampico

AT Tampico, Mexico, a group of American business men have organized an American Chamber of Commerce. The *Journal*, the official publication of the Chamber, was first issued in July, at which time the organization had a membership of forty. The *Journal* contains an article on "Entering Business in Mexico," which should be of particular interest to any American concern considering entering this field.

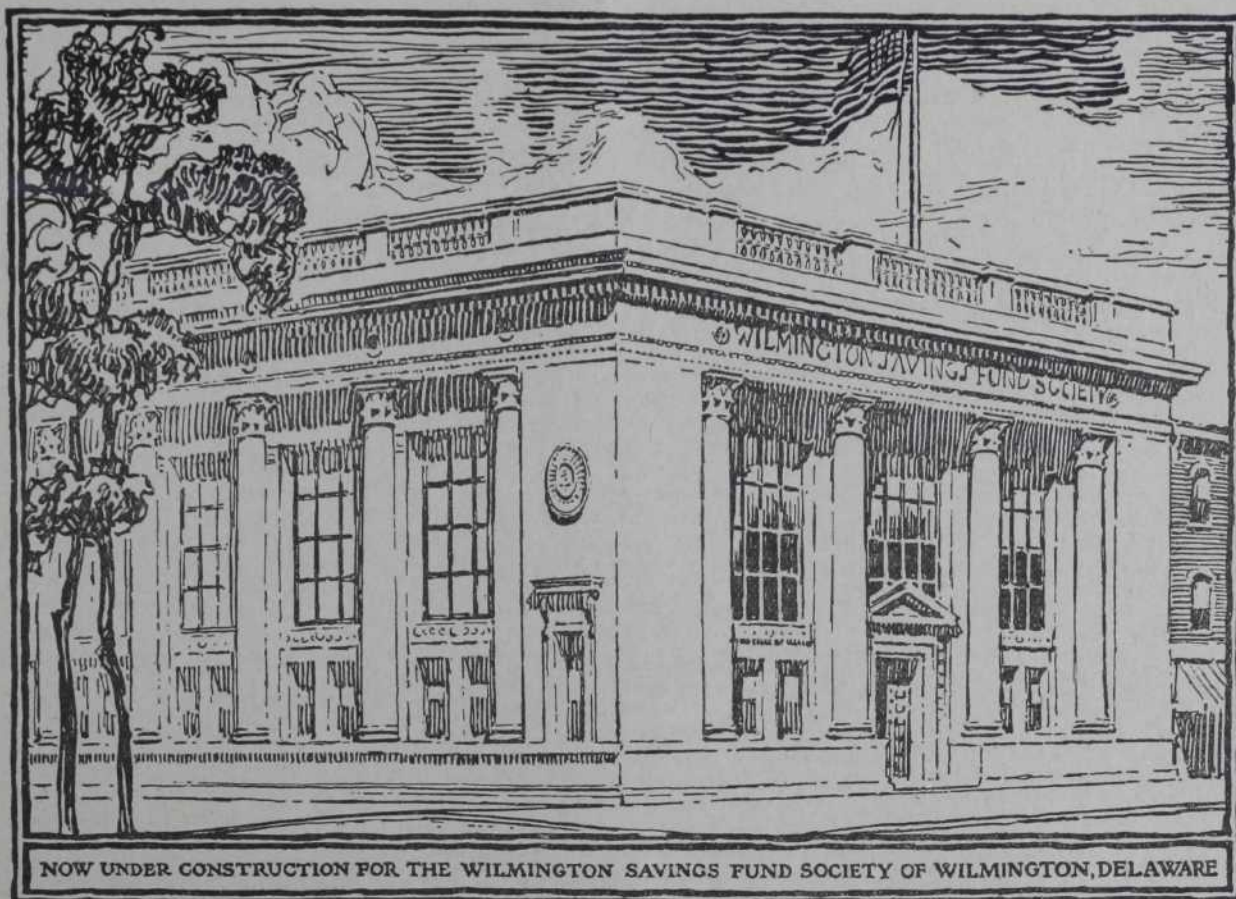
### Employment Managers Council

THERE has been organized by the Kansas City, Mo., Chamber of Commerce a council of employment managers. This council has adopted a constitution and elected a board of nine directors. The Chamber's Industrial Commissioner and the Chairman of its Employment Committee are ex-officio members of the board. The program calls for discussion of a wide variety of subjects.



# HOGGSON BROTHERS

## BANK DESIGNING & CONSTRUCTION



NOW UNDER CONSTRUCTION FOR THE WILMINGTON SAVINGS FUND SOCIETY OF WILMINGTON, DELAWARE

**I**NDICATIONS are that more building is contemplated for 1920 than can possibly be executed during the next twelve months. THOSE FIRST IN THE FIELD will have decided advantages in the securing of both labor and materials. IF you expect to build next spring—we suggest an immediate conference with our representative.

### HOGGSON BROTHERS

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FIRST NATIONAL BANK BUILDING, CHICAGO



# Listening in on Congress

Wit and fancy rescued from the oblivion of the Congressional Record and presented here as an intimate picture of our lawmakers as they struggle to get the will of the people on the statute books

**T**HE fires from burning questions flame brightly; situations confront us at every turn; problems throb and throb and are not comforted. While Congress is battling with the more prominent difficulties, new and strange ones spring from the earth to clamor for solution. Observe then, and admire the courage of the member who deliberately adds to the perplexities by injecting the question as to what is a barrel of flour.

A bill to establish the standard of weights and measures for the following wheat-mill and corn-mill products, namely, flours, hominy, grits and meals, and all commercial feeding stuffs, and for other purposes, and an amendment to provide a plain, legible and conspicuous statement of the net weight contained therein.

Mr. WINGO of Arkansas: I rise in opposition to the amendment. The farmer cannot actually pack his own feedstuffs, grown upon his own farm and worked up in his own mill, unless he puts it up in packages and marks it as indicated. The American Congress has come to a wonderful pass when it enacts such legislation as this. There can be some argument to control the sale of stuff for public use to different people throughout the country, but in the name of high heaven, what public good can be subserved, how can the people be protected against fraud to say that a man must pack his goods in a certain way, although he is to use it himself? This bill is like the ways of God: it passes all understanding, and the more you study it the worse mess it is.

Mr. TILSON of Connecticut: Is there not an additional difficulty in the way of the interpretation proposed by the gentleman from Illinois (Mr. Mann)? The word "sold" comes in there, and if his interpretation is correct it would mean, if written out in full, "packed" for sale, "shipped" for sale, "sold" for sale, and "offered" for sale.

Mr. WINGO: I am not making any criticism of the gentleman from Illinois. Even an old, experienced legislator as he is will get the headache when he tries to analyze the bill. It is like the famous snake railroad, which wriggled in and wriggled out, and left the people all in doubt whether in its zigzag track it was going east or coming back.

Why not go the whole length and describe the color of the package?

Mr. MANN of Illinois: That might be well, so that the gentleman could recognize it.

Mr. WINGO: No, I'm color blind; and if any more bills are introduced like this it will be enough to make any legislator legally blind. Why do you not provide that it shall have red ribbons or a piece of cardboard or a verse upon it? It would protect the public health and the people against fraud as much as this.

Mr. BANKHEAD of Alabama: It seems to me from the discussion that has been had upon this bill that the proponents of the measure have failed absolutely to show any convincing reasons why this bill should be enacted at this time.

Mr. MONDELL of Wyoming: Mr. Chairman, it is very easy to find fault with a bill like this. We all know that it is tremendously important to have a flour and feed products standard established. The gentlemen who fear that somewhere sometime some housewife may have some difficulty because she loans to a neighbor a cupful of flour, or some country groceryman sells a pound or two, are willing to sacrifice the whole matter of standards out of that fear, which reminds me of the ancient maiden lady who was found in a flood of tears, explained

**T**HERE are 531 members in the two houses of Congress. Each of these has something that raised him above his neighbors—or he would not hold his seat. Every one of them is unusual, and many of them are remarkable men. Their places were won largely through wit and speech; it is but natural, therefore, that the continual thrust and parry of debate on the floor produces verbal duels and slugging matches as entertaining as any that our dramatists have striven laboriously to create.

It is solely with the purpose of giving you a better and more human understanding of the congressmen and their job that we present these fragments of their proceedings. There are no dark political motives actuating the reporter who covers the assignment. Do not, gentle reader, attempt to discover herein any editorial design except that of rescuing for you some excellent and illuminating reading that otherwise would be lost.

THE EDITOR.

by the fact that it had just occurred to her that she might have been married in her early years, and having been happily married, she might have had a child, and that some serious accident might have occurred to that child, and the thought of it drove her to tears. Her fears have just about as much basis and foundation as most of the fears that have been suggested in connection with this legislation. They are in the realm of fancy and imagination and improbability.

Shall we or shall we not know what constitutes a barrel of flour in America? We never have known nationally. It is about time we should know, and this bill attempts to make provision for it. If the bill is not in entirely proper form, let us put it in proper form. We have been discussing and amending it for two days with that object in view.

Mr. BLANTON: But, unhappily, nowhere does the bill provide what constitutes a barrel of flour.

Mr. MONDELL: Well, if the gentleman wants just exactly that provision in the bill, why does he not offer a provision stating what a barrel of flour shall weigh?

Mr. BLANTON: If it were amended in any other particular the committee would not know its own child.

## Sweet Are the Uses of Patience

**A**LL things," saith the old adage, "come to him who waits." The silver dollar is a recent example of those who profit by patience. When silver reached a price that made the contents of the dollar worth more than the value stamped on its face, a one-time champion of this pale metal takes the opportunity of working off a number of old

scores and of paying a tribute to the country's most persistent candidate for the presidency.

Senator THOMAS of Colorado: We now confront the situation where the mutations of time have brought revenge and the regnant metal of the hour is the despised white metal of the past, to which the doors of the mint were long ago shut and to suggest the reopening of which subjected one to the charge of idiocy or lunacy or of knavery, or of all those undesirable qualities.

Let me warn those responsible for this movement to give a legal tender value to depreciated paper that they are flooding the country with more unsound money, and the poor creditor, obliged to accept these certificates, will think twice before commending either the wisdom or the integrity of the Senate of the United States.

Senator KENYON of Iowa: Mr. President, does not the Senator from Colorado feel that apologies are due to Mr. Bryan for attacking the position he took of paying debts with dishonest silver dollars when we now pay them in depreciated gold dollars?

Senator THOMAS: If I may fall into the vernacular, I think it is Bryan's time to "crow." My own judgment is that to Mr. Bryan and those of us whose mental limitations caused us to support his views, it is a matter of considerable satisfaction to know that, even though the period may be brief, silver has come into its own and the standard gold dollar is now the short-legged dollar of the country.

## A Bill with Teeth in It

**I**T is not given us to know just what happened to the teeth of Michael MacGarvey. It may be that he sneezed them forth and a truck ran over them or perhaps they were broken in an attempt to pronounce one of the recent victories of the Russian Bolsheviks. Be that as it may, Michael was working for the government and his loss is made good by special legislation, the only difficulty being as to whether damage to false teeth constituted personal hurt or injury to property.

Mr. BEE of Texas: Reserving the right to object, Mr. Speaker, I wanted to ask the gentleman from New York (Mr. Siegel) if I am correct that they have held that injury to false teeth does not constitute a personal injury but an injury to property, and for that reason the claimant had to come to Congress with a property right?

Mr. SIEGEL of New York: That is the correct interpretation. It was held that it was an injury to private property—false teeth.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$35 to Michael MacGarvey, police laborer in the employ of the depot quartermaster, Governor's Island, N. Y., for damage caused to a set of false teeth incident to said service.

Mr. SIEGEL: This is the only bill with teeth in it that has been passed.

## "Jes' Right"

**A**NENT the discussion of railroads earning exactly up to an amount specified by law, the Gentleman from Tennessee has something to say regarding progress and illuminates his remarks with a good story.





## SPRUNG WEIGHT

All the weight above the toes is *sprung weight*—nature made it so. In truck construction sprung weight is a prime consideration, as one pound under the springs is as ten pounds above the springs. A five-ton Clark Axle is 700 lbs. lighter than other type axles of similar capacity—a saving of 7,000 lbs. on the pay load.

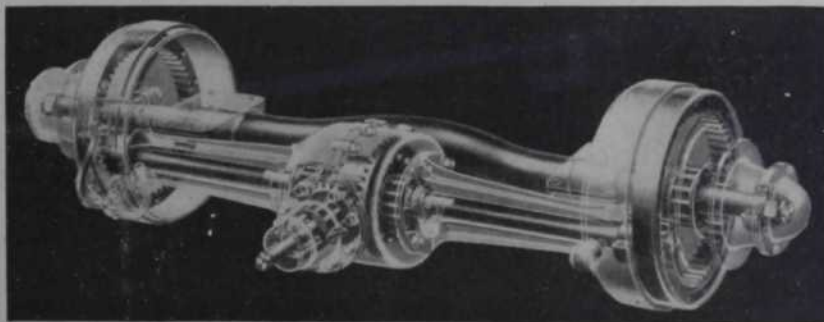
Clark Steel Disc Wheels make good motor trucks better—for solid or pneumatic tires

CLARK EQUIPMENT COMPANY  
BUCHANAN, MICHIGAN

*DIANA:* Light of foot, lithe of limb, clear of eye, Diana the huntress typified to the Greeks, speed, accuracy, lightness, and agile strength in contrast to the heavy-muscle

*Hercules* whose powerful form was built to lift and hold but not to carry—Diana exemplified the co-ordination of sprung weight and enduring strength.

JAMES CADY EWELL



Exhibiting at  
Boston Motor Truck Show  
March 13 to 20, 1920



**CLARK INTERNAL GEAR DRIVE MOTOR TRUCK AXLES**





Taken for the Nation's Business by Harris & Ewing

#### A Camera Impression of the New Lincoln Memorial at Washington

Senator McKELLAR of Tennessee: Mr. President, unfortunately nature has so constituted men and enterprise that they can not just stand still. It is an impossibility for the physical man to reach a place where he stops, and does not progress, and does not go back.

Perhaps unfortunately for some of us, perhaps unfortunately for a theoretical management of certain corporations, that rule of life is absolute—as absolute in corporations as it is in individuals. You have either got to go forward or you go backward. It is a law of nature. There is no such thing as standing still, even for an instant. And so, when it comes to railroads just earning up to the amount specified by law, it is not in the same situation that the Kentucky darkey's dram was in.

His old friend and employer, who was supposed to be a very close-fisted man called him in one morning and said: "Jake, would you like to have a drink?" Jake said he would, and his employer poured out some liquor in a tumbler and gave it to him, and Jake drank it with a good deal of satisfaction. When he got through his employer said, "Jake, did you like that liquor?" "Yes, sah; jes' right—jes' right—jes' right." "Why do you call it 'jes' right'?" "Well, sah, jes' because it is jes' right, sah—jes' right, sah." "Well, why do you call it 'jes' right'?" The darky said, "Well, if it had been any wuss, I couldn't have drunk it, and if it had been any better you wouldn't have give it to me; and so it's jes' right." [Laughter.]

Now, unfortunately, in railroading that can not happen. We can not just reach a point where there is neither retrogression nor progression. There is no standing-still point. We have got to go on, if we keep up the service, or we have got to go backward; and when you put a limit on the earnings of a corporation you put a limit upon its service to the public necessarily.

#### Dangers of the Goat Business

THE gentleman from Texas, who comprises 50 per cent of the House membership engaged in the goat business, views with alarm the power of the Interstate Commerce Commission as opposed to that of the railroad boards of the several States. He makes a plea for States' rights and paints a pathetic picture of what could happen if he were to ship a prize Angora to his colleague in the goat industry.

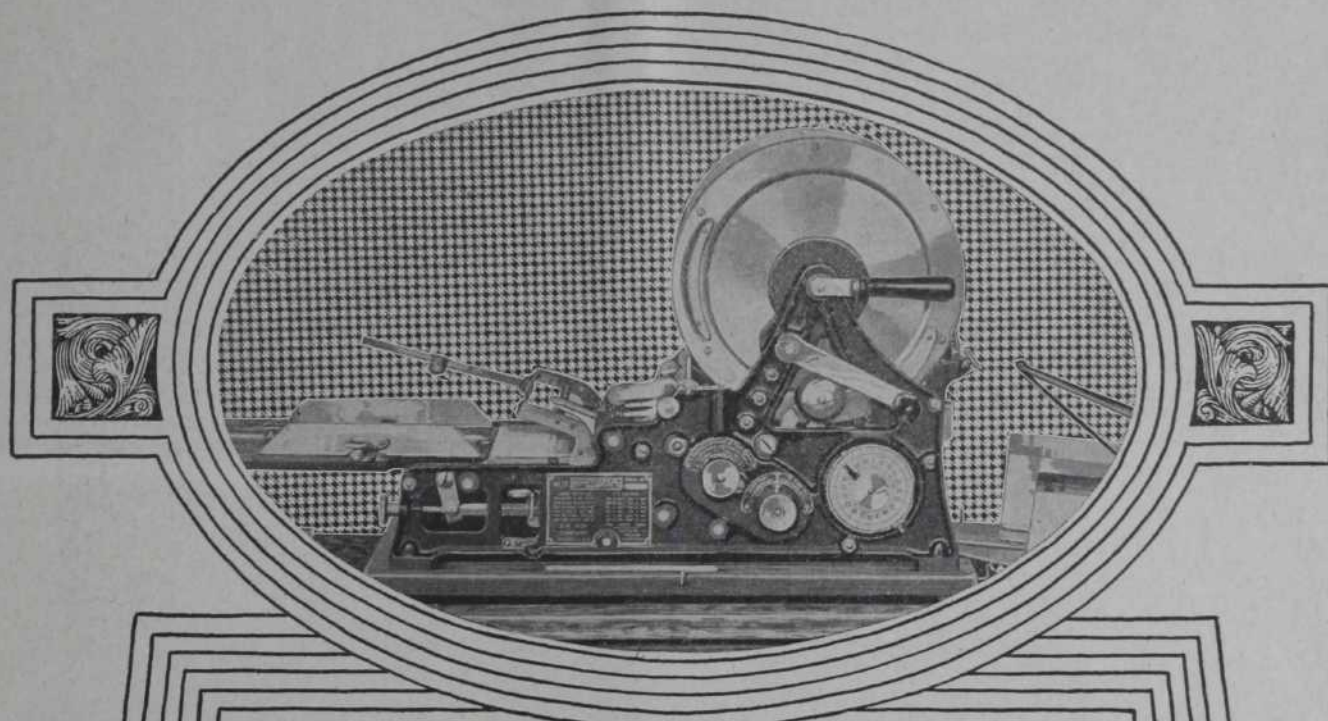
Mr. HUDSPETH of Texas: Mr. Chairman and gentlemen of the committee, my purpose in offering this amendment is to restore to the States the rights that they have had under State constitutions and laws and under the railroad commissions of the several States.

Pass this bill and every man who has to file a claim in a far, remote section of Texas in my district, from beyond the other side of the sunset, has got to come to Washington and file it, 3,000 miles away. What do you think of

that? Do you believe that if a man has a shipment of cattle damaged to the extent of \$250 he is coming to Washington to file his claim? Under section 16 if I wanted to send a Hereford bull to my friend from Arkansas, Congressman Goodwin, they could route it around by Illinois, and he would die of old age before he got it. Another friend of mine, the gentleman from Mississippi [Mr. Collier], who is in the goat business—and there are only two of us in the House in the goat business—if I wanted to send him a fine Angora goat and I started him over the Southern Pacific, when he got to San Antonio they could route him around by the Great Lakes and he would be so old when he got there that his whiskers would have dropped off. [Laughter and applause.]

This is the provision in section 16 that the gentleman from Wisconsin says if amended will hamstring the Federal Government. Let us hamstring the Federal Government and get back to States rights where the people rule, bring the government home to the people, and not centralize it in Washington. [Applause.] That is what the bill does, my friends, centralizes the power in Washington for the making of rates; and it will cause everybody to come here and file his claim 3,000 miles away. [Applause.] My God, gentlemen, have we lost all confidence in our local tribunals to make our laws and fix our freight rates? I, for one, have not.





*An autocrat* of accuracy! So quick in action is the Mimeograph that the dictation of a moment ago becomes the business-getter of the hour. A perfect glutton for work, an interpreter of ideas, an organization co-ordinator. But its *marked* quality is its *accuracy*. With fine exactness it reproduces letters, maps, diagrams, drawings, forms, bulletins and the like at the amazing rate of five thousand an hour. Hundreds of copies available within a few minutes. In thousands of American industries it is effecting essential economies. What it is doing so well for others it will do equally as well for you. Install it today—for its fine *accuracy* and speed. Or information and catalog "N"—from A. B. Dick Company, Chicago—and New York.





# Westinghouse

## ELECTRIC MOTORS AND CONTROLLERS



### How Much Can They Earn in *Your* Plant?

To measure the earning capacity of any man in your plant, consider not what *you pay him* but what *he pays you*.

His production, not his wages, is the real gauge of his worth.

You may be paying the same wages as your competitors, yet his men may be *earning* more than yours because they are *producing* more than yours.

As wages rise and workers receive more and more, the problem of increasing and bettering their

output becomes more acute. Today it is one of the most vital of all industry's problems.

Before it can be solved, manufacturers must realize more keenly than many have in the past, that production is not alone a matter of men but also one of machines and methods.

When they realize it, steam-engines and line shafts will disappear from those plants in which they still remain, and their places will be taken by modern electric drive.



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# Westinghouse

## ELECTRIC MOTORS AND CONTROLLERS



*For increased and better production* is one of the outstanding advantages of the electric motor.

With motor drive, every machine or group of machines is an independent unit—

Speed changes that cannot be secured by other means are made not only possible but quick and easy—

Machines are more accessible and operators are unhampered by overhanging shafts and belting—

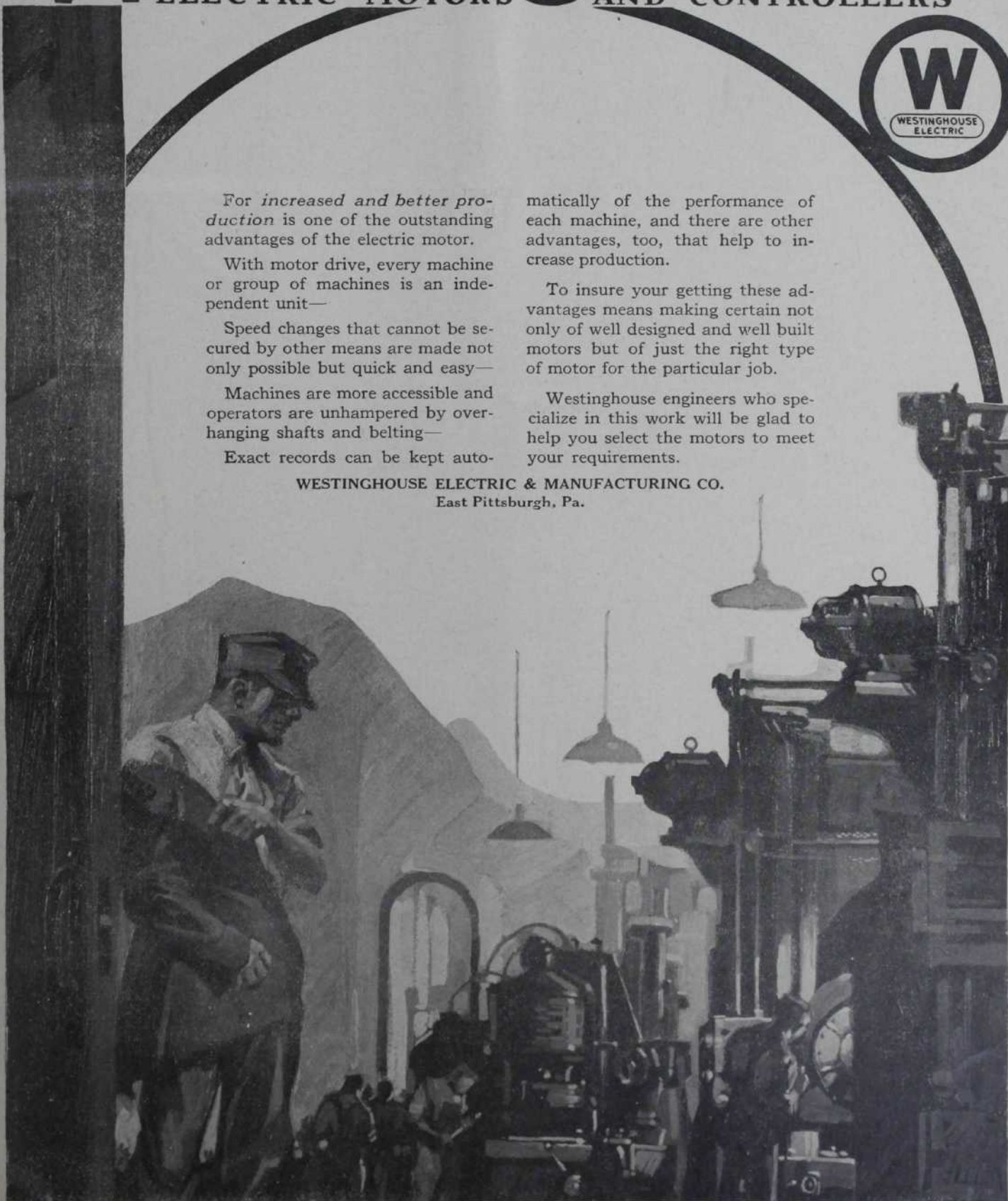
Exact records can be kept auto-

matically of the performance of each machine, and there are other advantages, too, that help to increase production.

To insure your getting these advantages means making certain not only of well designed and well built motors but of just the right type of motor for the particular job.

Westinghouse engineers who specialize in this work will be glad to help you select the motors to meet your requirements.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.  
East Pittsburgh, Pa.





# Old Laws and New Ships

The nation's shipping has progressed rapidly from the side-wheel to the triple-screw stage but the laws that protect it are full of strange and wonderful anachronisms

By N. SUMNER MYRICK

*Vice-Chairman and Counsel, Ocean Transportation Committee, Chamber of Commerce of the United States*

HAVING advanced so far already in the organization of business, it is not strange that the United States should, at the same time, have outgrown its navigation laws. They have served the purpose of their day. We are no longer a corner-grocery nation; neither are we a stern-wheel steamboat nation. But our progress has caused a natural, and often amusing, hiatus between our statutes and our development.

Measurement rules and certain provisions of the Seamen's Act, involving debatable points, will, however, be passed over here. The concern of this article is chiefly with the enforcement by the "Steamboat Inspection Service" of such provisions of law as relate to the safety of ships and human life.

The acumen and energy of our legislators will surely see to it that, among the great maritime nations, the United States can never again be pointed out as the only one giving no body or individual the authority to investigate maritime casualties. Yet that is the case at present. The commercial giant has swiftly outgrown his legal apparel insofar as it relates to ships. A thorough codification of our Navigation Laws and a weeding out of anachronisms from the provisions governing steamboat inspection is one of the legislative tasks to be attacked with the full energy of the American spirit. A survey of the situation is not without its diverting features.

## Landlubbers Officiating

CONSIDER, first, ship accidents. The United States merely authorizes investigation of the conduct of licensed officers. It would be just as logical if the cause of a large local fire were "probed," as the newspapers say, merely to the extent of the city fire marshal's considering the possible misconduct of a janitor or watchman of the building. As to jurisdiction, several years ago a fuel tank exploded on a steamer lying in one of our large ports, and although six or eight lives were lost and great damage done to several vessels, a city coroner was the only official having authority upon the premises.

A lighter instance: The Supervising Inspectors of the Steamboat Inspection Service, at its annual meetings, establishes regulations pertaining to the laws governing the service, including those designed to protect the lives of passengers and crews. In a certain locality bordering on an important river tug boat captains were accustomed to rouse their freight handlers by blowing their tug whistles. Freight handlers sleep soundly; tugs have deep lungs. At all hours of the night they hooted and honked, dispelling sleep from many households. A nervous, and justly indignant, woman brought the nuisance to the attention of her congressman.

Moved by complaisance, and doubtless by a sense of duty, the congressman induced Congress to pass a general law, in the form of an amendment, but especially applicable to the circumstances narrated. In casting about

for an easy approach for his amendment he discovered what he thought was the line of least resistance in the section establishing the Board of Supervising Inspectors and defining their powers. As amended it provides that the Board shall establish all necessary regulations to carry out in the most effective manner the provisions relating to steam vessels and also regulations prohibiting useless and unnecessary whistling.

This incongruity will be the more easily understood by the layman if he will imagine a statute authorizing a board to regulate the control of foodstuffs, say, concluding with a direction to the board also to regulate useless and unnecessary noises in crating or in nailing packing boxes! The inadequacy of the amendment in general is another story.

## A Phrase With False Pretenses

NOW the phrase "Navigation Laws" seems, on its face, an authoritative term, does it not? Yet, as a matter of fact, it is merely a popular concept in this country. It has no legal or official authority. It is a term applied to various sections running through the United States Statutes; the earlier of these were enacted as we now find them at a very early date in the country's history, or are in the nature of amendment to such enactment; but there has not yet been any adequate revision as a whole. As a matter of logical sequence, arrangement and applicability to present conditions these statutes simply do not apply to the highly-organized America of today.

Take for instance the provision that "in order to procure the registry of any vessel built within the United States it shall be necessary to produce a certificate, under the hand of the principal or master carpenter" by whom the vessel has been built.

It is hardly necessary to suggest that ship carpenters do not build the steel vessels that now constitute the far greater part of the world's marine!

Owing to the lack of express enactment, "The Steamboat Inspection Service" is also officially a myth. It does actually exist, but only because, like Topsy, it has "jes' growed." In the early part of the last century it came into being, when steamboats were navigating rivers, bays, and sounds, when, indeed, the law gravely required "that the safety valve should be opened when the vessel stopped." Conditions have since quite outgrown the scope of such regulation, and under private auspices these stipulations would long ago have been changed.

## Overhauling the "Steamboat Act"

LET us, however, leave immutable laws to the historic Medes and Persians! Congress can render a distinct public service by authorizing a revision of the "Steamboat Act" of 1852, and the some fifty amendments thereto.

And now to examine a little more closely

certain sections of the statutes relating to the Inspection Service:

Every vessel propelled in whole or in part by steam is deemed a steam vessel; therefore any small schooner trading in foreign or domestic ports, using an auxiliary engine to facilitate entrance and departure, is subject to all the laws governing steam vessels and to a penalty of \$500 for failing to observe them.

A supervising inspector, usually an ex-deck officer of a merchant ship, is required to be a competent judge of the character and qualities of steam vessels and of all parts of the machinery employed in steaming, and if he has not these qualifications "he shall be deemed guilty of a misdemeanor punishable by a fine of \$500 and shall be dismissed from office." These are practically impossible qualifications for a sailor to possess.

Invitations to blackmail are held out in several instances where fines are imposed for infraction of the law, by giving one-half of the fine imposed to the "informant." If a steam vessel takes on board a greater number of passengers than is permitted by her certificate any person may sue the master or owner for the forfeiture of passage money and ten dollars for each passenger beyond the number allowed.

A section of the statutes solemnly prohibits passenger steamers from using nitro-glycerine as "stores," that is from using it on the vessels.

## The Case of Fire

ONE of the most frequent causes of marine casualties is fire. Over 300,000,000 passengers are carried annually on steamers inspected by the Steamboat Inspection Service. Relatively few of these vessels are even imperfectly protected against fire. Many of them have no protection whatever. This condition possibly is not wholly due to the absence of legal authority.

River steamers are required to carry at least one substantial boat to be used in case of accident and one or more metallic life boats. The number actually required suffices to accommodate only ten per cent of all persons on board. Doubtless it is assumed that proximity to land minimizes risk to life in case of accident, and yet, in recent years, some of the worst marine accidents have occurred on river steamers.

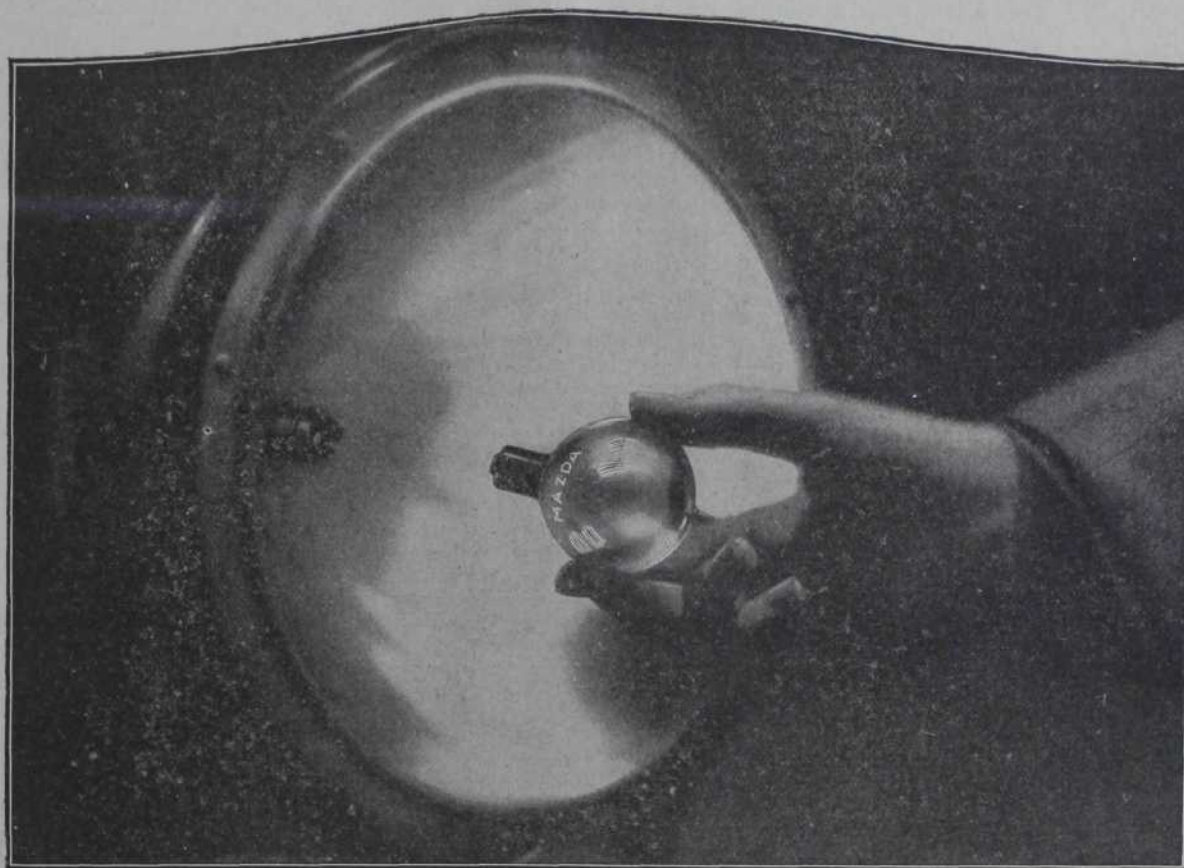
It seems to be the theory of the laws throughout that proximity to land lessens the perils of the sea, and because of that the appliances for life saving are much less on vessels employed in the navigation of rivers, bays and sounds and along the coast than on deep sea vessels. The history of marine losses contradicts this theory.

If a person ships highly inflammable articles on a steamer without concurrently delivering a written notice of the character of the shipment he will be liable to a penalty of one thousand dollars. But on any vessel used in rivers or inland navigation he may ship these articles without notice.



# MAZDA

*"Not the name of a thing, but the mark of a service"*



## Dependability or Doubt—Which do you put in?

Headlight dependability comes only when the lamp bulb itself is dependable. With the MAZDA Lamp, sun-like safety on night roads is assured through the reliability which MAZDA Service has put into every lamp marked MAZDA. Be sure the lamps on your car are marked MAZDA.

MAZDA is the trademark of a world-wide service to certain lamp manufacturers. Its purpose is to collect and select scientific and practical information concerning progress and developments in the art of incandescent lamp manufacturing and to distribute this information to the companies entitled to receive this service.



MAZDA Service is centered in the Research Laboratories of the General Electric Company at Schenectady, N. Y. The mark MAZDA can appear only on lamps which meet the standards of MAZDA Service. It is thus an assurance of quality. This trademark is the property of the General Electric Company.

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RESEARCH LABORATORIES OF GENERAL ELECTRIC COMPANY



There is no law that prevents the overloading of vessels, such as exists in Great Britain, as the result of a valiant fight made in Parliament by Samuel Plimsol, and as exists in several other countries. This matter is now receiving the attention of Congress, and a law upon the subject should soon be enacted.

The best life saver is, of course, the unsinkable ship. Such an attainment, however, is not yet practicable enough to subordinate commercial considerations wholly to the security of human life. Nevertheless a great deal that is practicable can be effected through wise laws, especially those applicable to bulkheads in vessels. Our laws on the subject at present are anything but adequate.

There is no fixed standard in law that determines the number of passengers that may be carried on a steamer. It is left to the varying judgment of the inspectors in each district, who have no common rule to guide them. The result has been that on occasions the limitations of one district have been enlarged in another. At least once this variance has been the subject of judicial inquiry.

Every officer must qualify himself for appointment by undergoing an examination before an inspector. As the law stands, an officer failing to pass in one district may apply successively to any number of districts, until he finds one where the examination is not beyond his capabilities.

One section of the statutes provides that the Board of Supervising Inspectors establish all necessary regulations required to carry out the provisions of law that have here been considered, while another section imposes the same duty upon the Secretary of Commerce.

An incongruity in respect of the enforcement of the laws is to be found in that section that directs all collectors, or other chief officers of the customs, to enforce certain provisions against all steamers arriving

and departing, failing which they are liable to removal from office and to a penalty of one hundred dollars for each offense, to be sued for in an action of debt. As the provisions in question relate to manning vessels, passenger allowance, precautions against fire, transporting dangerous articles, watchmen on passenger vessels, boats, life preservers, and a variety of matters over which the inspectors, as a matter of fact, exercise jurisdiction. Customs officials would have a feverish time if they pursued their calling to the full extent of the law.

These samples of ineffectiveness and incongruity do not exhaust the subject. They simply point the vital necessity of thoroughly overhauling and recodifying our present marine regulations. But we may be confident that once this necessity is thoroughly understood there will be no time lost in overhauling all obsolete provisions and giving our expanded shipping a truly modern equipment of legal safeguards.

### Another Trade Commission

**B**URIAL LOTS have become an object of legislative concern in Montana. The significance of this circumstance at a time when violent death has presumably become comparatively obsolete in the Northwest is not altogether clear at first blush.

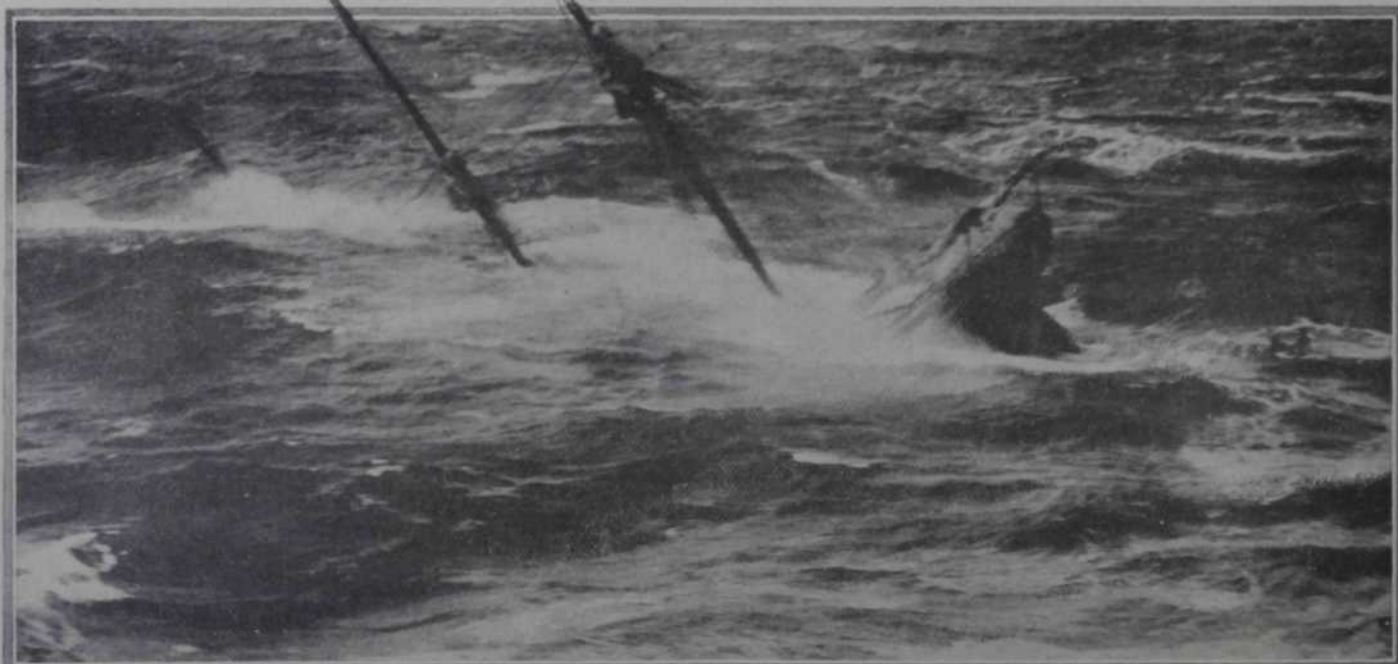
The legislation with respect to the price of burial lots was enacted in August and might not have created much stir in the rest of the land if it had not embraced also prices "of commodities, foodstuffs and products, articles of merchandise, and farm implements and machinery." It said nothing, however, about undertakers' fees for personal services and their charges for such items as the cortege, whether horse-drawn or motor-propelled and whether of the white man's kind or a Chinese affair headed by a brass band playing fox-trots alternately with one-steps.

Neither did it mention the price of land other than burial lots, although an impression has got abroad that both residents and non-residents of the state have been disposing of goodly domains at handsome prices.

Whatever the purpose, the new law is interesting. It creates the Montana Trade Commission, and in the same section makes the railroad commissioners ex-officio the trade commissioners. It then proceeds to place on the railroad commissioners a duty to supervise the charges made for all foodstuffs and commodities, products, articles of merchandise, and farm implements and machinery sold within the state.

This would seem something of a task, but by a clever stroke the railroad commissioners do not have to go to all the four corners of their extensive state; instead, the state to come to them, because every person who engages in or transacts any business of buying or selling any foodstuffs, etc., will have to obtain from the commissioners a license, naturally enough, for a fee. The license is an important document; in truth, it is pronounced a *sine qua non*, without so much as a passing reference to certain parts of the ancient federal document which set out tersely a few rights of citizens of one state when they carry their goods and chattels into another.

Several months after the law was enacted, the railroad commissioners proceeded to put life into it—with the possible exception of the burial-lot provision. Under their powers to "prescribe rules, regulations, and procedure," they promulgated an order that goods and merchandise of the sorts in question (no mention was made in this connection of burial lots) should be plainly marked with cost prices. Most of Montana, and certainly a good part of the rest of the country, forthwith sat up, sought copies of the law, and took real notice. Some hard-hearted gentlemen even haled the new measure into court, where judgment will be passed.



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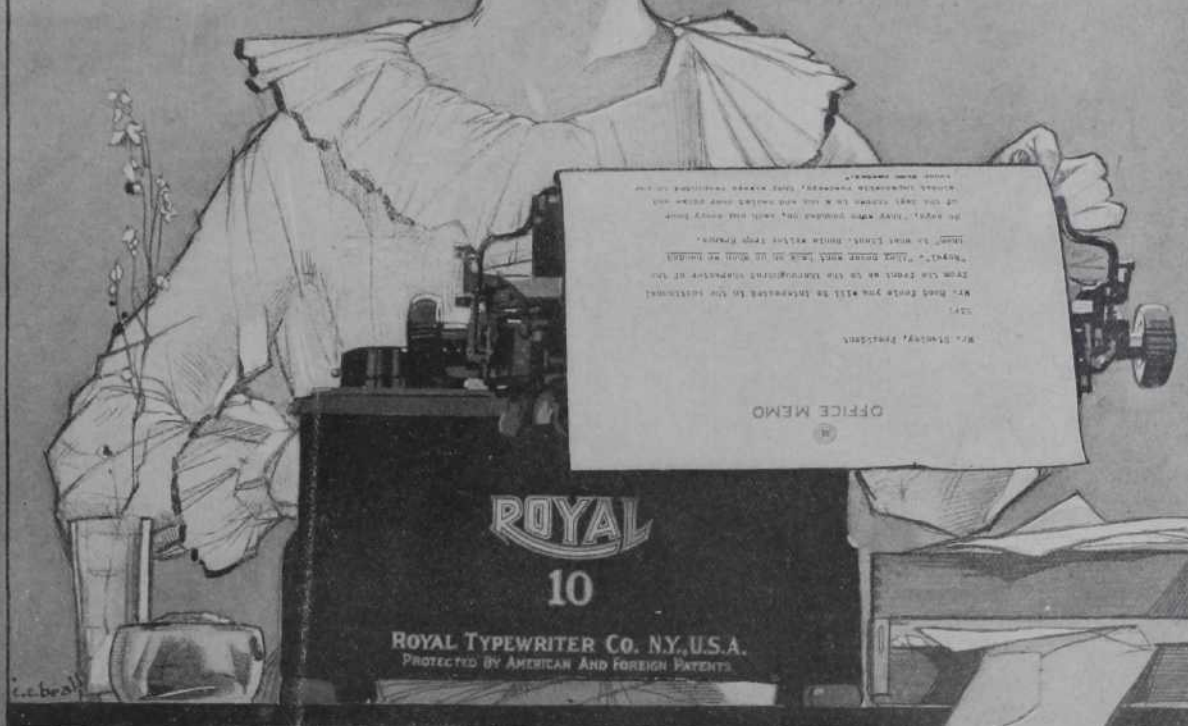
An unusual photograph of a disaster at sea. The three-master is taking her last plunge before disappearing in foam and bubbles. Members of the crew can be seen pulling away from the stern in a small boat. There are plenty

of dangers at sea without adding legal ones ashore. American shipping has grown so rapidly that no one seems to have noticed the fact that we have given no person or body the authority to investigate maritime disasters.



COMPARE

THE WORK



## Thoroughbred

Can the word "thoroughbred" be applied to a machine? In the case of the "Royal" typewriter we believe it can, for speed, strength and stamina are combined in its construction. "Royal" action is direct, snappy—a clear-cut impression results. Its touch is adjustable, instantly, to personal preference. Its speed outruns the fingers. Big Business has adopted it—for its endurance puts an end to the "trading out" evil.

### ROYAL TYPEWRITER COMPANY, Inc.

Royal Typewriter Building, 364-366 Broadway, New York

Chief European Office: 75 Queen Victoria Street, London, E. C.

Branches and Agencies the World Over



# The Making of Americans

How the industries of the country are fighting the ignorance and indifference that keeps our foreign workers aliens and makes them dangerous material for every radical agitator

**T**HE Packard Motor Company at Detroit was probably the first large company in the country to appreciate in a practical way the undoubted importance to industry as well as to individuals in having every one of its employees able to speak, read and write in English and become American citizens. Constructive work in this direction was begun as early as 1915. On January 31, 1916, President Alvan Macauley made his widely quoted announcement that "promotions will be given only to those who are native-born or naturalized citizens of the United States, or to those of foreign birth who have filed with our government their first papers, which must be diligently followed to completion." At the beginning of 1919, a plant survey showed that only 319 of the 12,000 employees of the company could not speak English. Leaflets were prepared in English for delivery to each alien employee informing him in simple language of the advantages to him of learning English, and becoming an American citizen. These leaflets were printed in English because of the policy of the company to permit no communications of a business nature to be transmitted through its departments in any other language, and of its desire that all verbal orders be in English. Groups of 30 aliens were called to an assembly-room by nationalities at specified hours, the leaflets interpreted to them in their native language, and they were advised to attend classes to learn English and to secure their naturalization papers as soon as regulations permitted.

## Graduates Receive Diplomas

The Bethlehem Steel Company opened their schools for non-English speaking men on November 10, with an enrollment of 186 men. On December 1 the enrollment had increased to 600, and it is expected that it will reach a thousand men by January 1. The school is now in its fifth year. The sessions are held in the public school buildings of the city, located in the foreign sections. Afternoon classes are conducted in the plant for men on the night-shifts, and about 100 men are given instruction during their rest-spells on the job. A graded course of instruction is given with English and civics as the principal theme. Pupils are promoted through the graded work into the citizenship class, which directly prepares for the Naturalization Court examination. Graduating exercises are held for this class twice yearly, directly prior to the sessions of the Naturalization Court. The certificate of proficiency granted upon the completion of the work of this school is recognized by the Naturalization Court of Lehigh County as sufficient evidence of preparation for naturalization papers.

## Movies As Text Books

The Crompton and Knowles Loom Works at Worcester, Mass., first interested their foreign-born men by group meetings of the different nationalities, obtaining a leading man of the city to speak in their own language to each group. At the same time the motion picture made for the State of Connecticut, entitled, "An American in the Mak-

ing," which shows the trials of a foreign-born man coming to this country and being unable to understand the language, was shown to the men. These meetings were under the supervision of a general Americanization committee composed of foreign-born men of the various nationalities who had obtained their citizenship papers in this country. The noon classes start at 12.30 and run until 1.15, giving 15 minutes of the company's time and a half hour of the men's time. The evening classes are run on the same basis, starting at 4.45. A machine-shop course has also been started for the foreign-born employees.

## Alien Tax Refunded

The Hudson Motor Company at Detroit makes a strong point of urging its men to become American citizens. They employ 1,400 men with first papers, and of the 800 without papers, fully 600 have received instruction and are ready to take out their first papers. An average of 25 to 30 of the company's employees are naturalized each week and about five or six per week are aided in securing their second papers. The company obtained a refund of all moneys paid to the U. S. Treasury for the Alien tax of 1918 by the foreigners in their employ.

## Classes After Work Hours

The Yawman and Erbe Manufacturing Company is a strong supporter of Americanization work in Rochester, New York. Factory classes are conducted by the Rochester Board of Education. This company finds that the average worker, especially among those who are older, does not wish to attend night school, but is willing to stay for an hour after work, if they feel that the results justify the time spent in study.

## "Time Off" to Set Papers

The Holmes and Edward Silver Company at Bridgeport, Conn., are doing some intensive Americanization work in their plant. The men are encouraged to apply for citizenship and are allowed time off while obtaining their papers. The preliminary instruction and the applications for first and second papers are handled by the Employment Department. Entertainment and recreation form an important part of the program, speakers being procured to address the different national groups. Special exercises are held on American patriotic holidays.

## Study During Lunch Hour

At the Winchester Repeating Arms Company, New Haven, Conn., classes for non-English speaking employees are now held at the noon hour, owing to the unsatisfactory attendance at the night classes. A blackboard, table and chairs are set up in the locker-room adjoining the room in which the men gather to eat their lunch. The lunch hour being from twelve to one o'clock, one-half of the time, from 12.20 to 12.50, is devoted to teaching the men to read and write. The company recruits its instructors from the Winchester training course, made up of college graduates. These men are trained in the Peter Roberts methods at the Y. M. C. A. in New Haven.

## Complete English Courses

At Kenosha, Wisconsin, the Nash Motors Company report 90 per cent of the men who entered their English classes finished the course which ran about ten weeks, and which was followed by an Americanization pageant, which was participated in by all of the aliens who had attended the schools in Kenosha at the various factories.

The Standard Forgings Company at Indiana Harbor, Indiana, found 12 per cent of their foreign born employees were neither naturalized nor had declared their intention on January 1, 1919. By the second quarter of the year, this was reduced to six per cent, and by the third quarter the company had eliminated all non-declarants.

## Make Up Lost Work

The Detroit Steel Products Company are convinced that their foreign-born employees appreciate the company's efforts in their behalf. They have over a hundred students enrolled. Classes are held in the evening, immediately after work. When overtime interferes, the men attend the class on alternating days. F. J. Williams, in charge of the work, reports that it is gratifying to note that numbers of them are interested sufficiently to report to the class and ask for a copy of the lesson-sheet, which is given them to study in order that they may keep up with the class.

## "Service in Detroit"

**P**ROBABLY the most intensive Americanization work being done in this country by a commercial organization is that conducted by the Detroit Board of Commerce. This organization will spend \$15,000 during the next year, exclusive of salaries, on this work, and has secured the services of Charles R. Thompson, for seven years past the United States Naturalization Examiner for the Detroit district, to furnish professional and specialized service to industries of the city subscribing for the service. As Mr. Thompson's task is to answer the demand of the manufacturers for expert advice on the naturalization problems of their employees, part of the expense will be borne by the industry served, and the balance by the Board of Commerce Americanization Committee.

Mr. Thompson's services will enable the foreign-born declarant to secure at his place of employment the help of one experienced in Americanization work. Considerable delays will thus be avoided by the firms employing any great number of foreign-born workmen, through Mr. Thompson's services. This plan has been submitted to the industries from a strictly business standpoint as being a specialized feature of their welfare work, as well as assisting in production. Some of the most representative companies in the city have already subscribed, including the Great Lakes Engineering Works, the Timken-Detroit Axle Company, the Burroughs Adding Machine Company, the Fisher Body Company, Cadillac Motor Company, Hudson Motor Company, Russell Wheel & Foundry Company, etc.



# On the Street

**T**HE EVIDENCE is right before your eyes every day. Convince yourself of Timken Leadership by making this simple test.

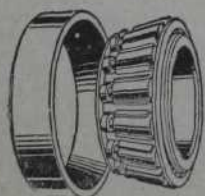
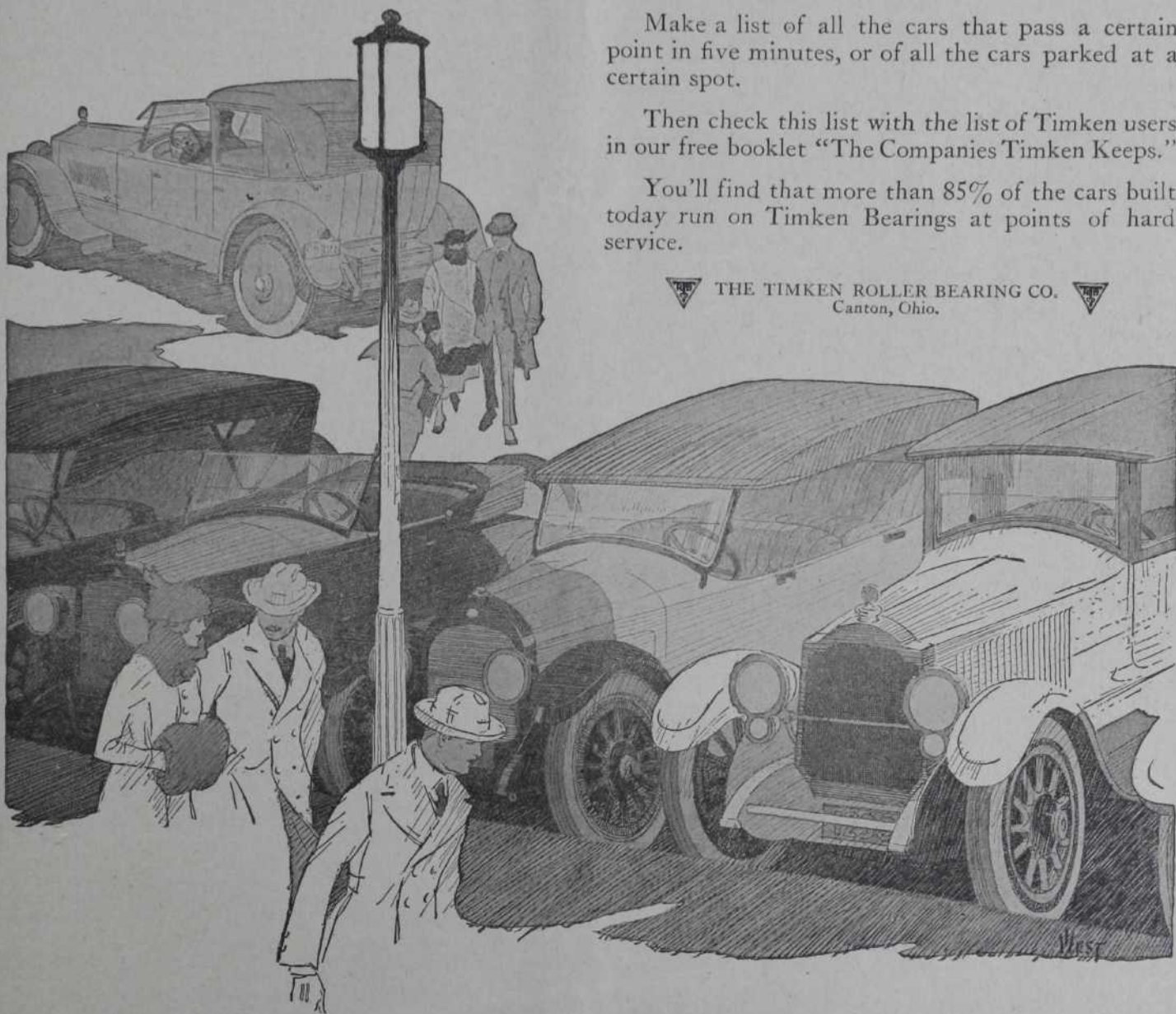
Make a list of all the cars that pass a certain point in five minutes, or of all the cars parked at a certain spot.

Then check this list with the list of Timken users in our free booklet "The Companies Timken Keeps."

You'll find that more than 85% of the cars built today run on Timken Bearings at points of hard service.



THE TIMKEN ROLLER BEARING CO.  
Canton, Ohio.

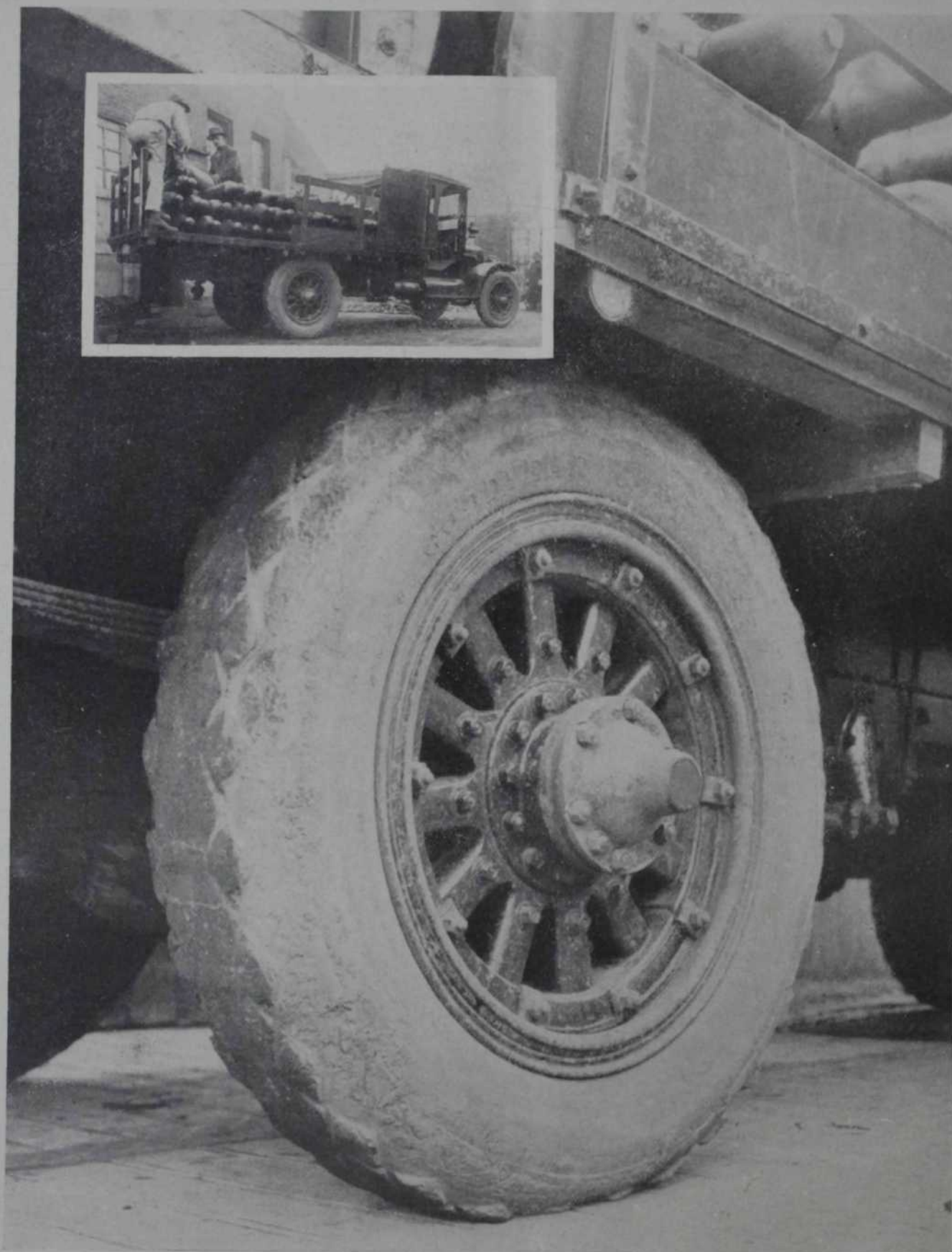


## STANDARD PRACTICE

The use of Timken Bearings at points of hard service in the great majority of motor vehicles is proof of leadership established on the tapered principle of design, quality of manufacture, performance on the road and service to the automotive industry.

# TIMKEN BEARINGS





Large photograph: Goodyear Cord Tire after nearly a year of hard trucking service for Indiana Oxygen Company, Indianapolis. Inset: Goodyear-Cord-equipped truck of this company unloading cylinders in foundry yard

Copyright 1920, by The Goodyear Tire & Rubber Co., Akron, O.

GOODYEAR



# Haul on Pneumatics —Save Trucks, Loads, Roads

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*"WE make more deliveries and cover more ground on Goodyear Cord Tires than we ever could on solid tires—repairs are far less and our driver works better on them. We find Goodyear Cords tough and altogether economical."—W. L. Brant, Sec'y and Treas., Indiana Oxygen Co., Indianapolis*

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STATEMENTS like this one strikingly illustrate how perfected pneumatic truck tires are increasing the range and value of motor transportation.

In removing the limitations imposed by solid tires, the pneumatics have set free the full abilities of motor trucks to serve with utmost result.

Due to the Goodyear Cord construction, originated by Goodyear thirteen years ago, the pneumatic truck tire has been made entirely practical and brought to its present high efficiency.

For it is this construction which underlies every element of advantage in the advanced pneumatic truck tire; its traction, cushioning, toughness, nimbleness and all-around economy.

Today Goodyear's pioneering work is expressed not only by the production of Goodyear Cord Tires for trucks, Tubes, Rims and Repair Materials, but also by its contribution to the development of proper engine pumps, wheels, air gauges and vulcanizing equipment.

This work is expressed also in the telling demonstrations of pneumatic truck tires by Goodyear's Akron-to-Boston Express, Akron-to-Cleveland Freight Line, Goodyear Heights Bus Service and allied activities in different fields.

Conclusive cost data detailing the economy of pneumatic truck tires, as compared with solid tires, can be obtained by writing to The Goodyear Tire & Rubber Company, at Akron, Ohio.



# CORD TIRES



# Making the Potato Bone Dry

This kitchen hero has been traveling around so full of water that he was an easy victim to all ills. Comes now a process of mechanical prohibition to increase his life span

By EDWY B. REID

*Of the United States Department of Agriculture*

**T**HE water in the potato is four-fifths of the whole. It is of no more value as nourishment than the water which flows from the town pump.

Yet we ship hundreds of thousands of tons of potato water about the country—water which at times freezes and spoils the tubers and in other ways reduces their keeping qualities. At first blush the question of drying potatoes and turning them into flour and thus eliminating 78 to 80 per cent of water which is of no particular value seems so simple that we wonder why it was not thought of before. As a matter of fact, we already have made a fair start toward the elimination of some of this useless water in the potato crop by the manufacture of potato flour and starch. About 3,000,000 bushels of the 1917 potato crop were dried, made into starch or flour, and more than double this amount of the 1918 crop will be used in this industry this year.

## A Little Advertising Needed

**T**HE first plant in the United States to manufacture natural potato flour was built as a single unit at Idaho Falls, Idaho, and since then this plant has been doubled in size. Single units have been built at Canton, Pa., Bemidji, Minn., Gordon, Neb., and Cadillac, Mich. In addition to these plants the United States Government has erected a plant at Greenville, South Carolina, to manufacture sweet potato flour. The seventh plant to be put up will be at Windsor, Colorado.

The latest addition to the industry actually in operation is the big plant at Cadillac, Michigan, the owners of which have a very large program mapped out involving the establishment of such other plants in some 10 to 25 other localities.

Of the potato flour which has been manufactured in the United States during the last two years the quality has varied widely, and much has been learned regarding the manufacturing problems. Those plants recently installed are turning out a product equalling, if not superior, to that imported from Germany and other foreign countries.

In parts of the Middle West raw potato flour has been manufactured, and bleached with sulphur. This raw potato flour is not in demand—first because, like all other uncooked vegetable flours, it becomes infested with weevils. In sulphurizing of the flour to make it whiter, there is enough sulphur left in the product to kill the yeast when used in the baking of bread—therefore, it will be practically impossible to use raw potato flour, or potato flour that is sulphured.

The manufacture of potato starch is an old and well-established industry which should not be confused with the manufacture of potato flour. The essential difference in the two products is that potato flour contains not only the starch of the potato but practically all of the salts and other ingredients. During the war the demand for both starch and potato flour was very heavy, and each sold at high prices. In fact, the demand was sufficient to attract from Japan large quantities of ground potato starch, which passed as potato flour until a decision under the pure food law made it illegal to sell starch as natural potato flour.

The result is that large quantities of this ground starch was left in the hands of the dealers. This starch flour was an attractive, white product and appealed to some of the bakers, but it was not equal in ingredients to the real potato flour containing protein and mineral salts, as well as the starch. Regarding this situation and the future of the industry, Major S. C. Prescott, in charge of the Dehydration Section of the Bureau of Chemistry, Department of Agriculture, says:

"During the war we produced potato flour and other flours as substitutes for wheat flour. In that respect potato flour had an unfortunate introduction, for I do not think its field is as a substitute but rather as an additive. Its use in bread adds to the appearance, texture, and moisture-holding capacity of the loaf. I do not mean to imply that a very large proportion of potato flour should be added to wheat flour in the making of bread, since in normal peace times, 10 per cent is about the maximum and 5 to 6 per cent makes an even better bread.

"At present the demand for potato flour is rather limited, and it is up to the manufacturers to introduce their product and state their claims to the bakers, urging them to make use of natural potato flour in bread and pastry baking. I understand that certain of the manufacturers have under way rather extensive plans for putting a large quantity of potato flour on the market. Certainly concerns with as heavy an investment in the potato-milling business as some of these companies have must be sure of an outlet for their product.

"By the proper location of potato flour plants in the regions where potato growing already is a major enterprise, the utilization of No. 2 potatoes and culls in the manufacture of potato flour, in time, may become an important factor in the potato business. It might be altogether possible for a manufacturer to contract with growers over a series of years to take all of their crop at a stipulated price, thus enabling the grower to secure a given price in years of heavy production when the crop frequently sells in the spring at

prices around the cost of production or below. As I see it, the manufacturer would buy the field run of potatoes, sort them, and market the No. 1 grade, and use the balance of the stock for making potato flour."

Lou Sweet, the well known potato grower of Colorado, who also is now with the Dehydration Section of the Bureau of Chemistry, says he believes there is a future for the better utilization of cull potatoes and seconds.

"One of our biggest problems," says Mr. Sweet, "is to reduce the annual variation in yields and prices. We are well on our way to accomplish this and have made more progress in the potato business in the last two or three years than before in a decade. We have established potato grades; pathologists have become more active in fighting disease; it is possible for us to get potatoes inspected at destination; we know more about bugs, blight, rots, and various diseases than we ever knew before, and our biggest problem is to make intelligent use of the information which we already have.

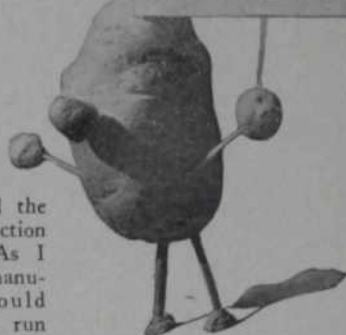
## Enter the Pedigreed Potato

**W**HEN I think in terms of what is possible in potatodom, the industry of the Hollander frequently is brought to mind. Holland is an "iser"—that is, she produces the goods and is not content with a small production of any kind, whether it be from Holstein cattle or from her soil. On about 80,000 acres she averages, 514 bushels per acre. Our yield averages only 95 bushels. What the farmers of the United States have to do is to pay more attention to crop rotations, and the growing and planting of good potato seed.

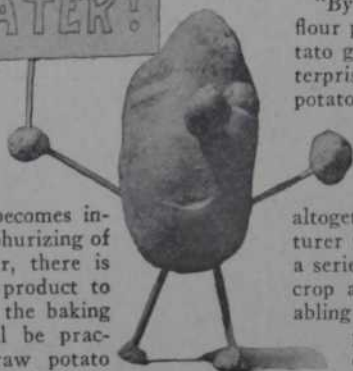
"We now have pedigreed potatoes in sight. To be sure, the pedigree is not as long as it might be, yet it is a start in the right direction and it will not be many years before government-inspected potato seed should be available everywhere. In fact, I believe the time has come when business can afford to say to potato growers, 'If you will produce potatoes according to the latest methods being advocated by the county agents, the state agricultural colleges and the Department of Agriculture, we will come in on a five-year contract to buy your potatoes at a specific price.'

"I believe the long-term contract will enable growers to see a fair profit for their No. 2's and culls to be utilized in the manufacture of potato flour or starch, or turned into dextrin, and at the same time manufacturers will be able to make a profit. Manufacturers then would be in a position to pass on to the consumer No. 1 stock of good quality, to co-operate with the growers in improving quality, and still to sell the product to the consumer at a reasonable figure."

DOWN WITH WATER!

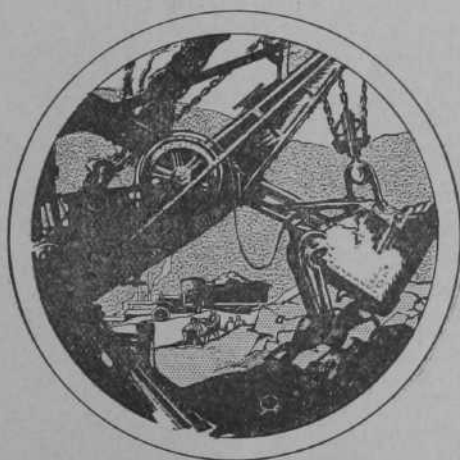


DOWN WITH WATER!



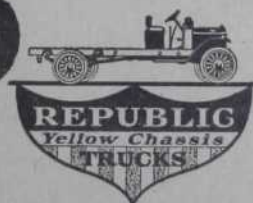


It does not just happen that the Republic is the largest-selling truck in the world today. It goes back to such basic things as the Republic's performance, its wonderfully rugged strength, and real economy. More than 60,000 shrewd business men have now bought Yellow Chassis Trucks because the Republic convinced them that it actually does better hauling at less cost.



# REPUBLIC TRUCKS

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The process of manufacturing flour in this country is very similar to that employed in Europe. It is not complex, yet it requires cleanliness at every move. In the plant located at Canton, Pa., No. 2 potatoes of good quality, although small in size, were used last year. Incidentally the price paid was \$1.20 per hundred pounds—a rather high figure in normal times. In this particular plant the potatoes are peeled after being washed. In some other factories peeling is not considered altogether necessary.

### Going Through the Mill

AFTER the potatoes pass through the special washing machine, they are sorted out and defectives are discarded. They then pass up to a conveyor bin at the top of the building. From here they are dropped into a steam potato cooker. Potatoes enter through the manhole at the top, after which the door is clamped tight and steam turned on. It takes from 15 to 20 minutes to cook—depending upon the size of the potatoes.

After this the potatoes march on to the masticators that break them up. The potatoes then go to the drying cylinder or rolls. Small auxiliary rolls are located at certain distances around the large rolls, and are geared to the large rolls in such a way that they rotate at the same surface speed. Each of these rolls is adjusted so as to assist in spreading the potato on the drying cylinder or roll to the required thickness. As the cylinder passes around, the stock is removed by a large knife set at an angle and coming in contact with the cylinder or drum. The potatoes, as they come off the cylinder, are in a long sheet similar to paper coming off the printing press. The potato flakes, as they are now known, fall into a screw conveyor located underneath each drying cylinder. These dried flakes are then carried to the flake bin.

After leaving the mill the flakes pass into a centrifugal bolting reel covered with 100 mesh silk cloth, the finished product passing through the silk mesh. The flour is placed in either cloth or barrel containers. By the process of washing and peeling the potatoes, as handled at Canton, Pa., and Cadillac, Mich., the yield is about 20 to 22 pounds of flour to each 100 pounds of raw potatoes.

During the war potato flour was manufactured in this country mainly as a substitute for cereals. However, in Europe potato flour has been a staple product for a number of years. In Germany, where the potato plays an important part in the diet, potato flour was one of the mainstays during the war. Even before, according to Daily Trade Reports, Germany had more than 400 potato-drying plants which used more than 800,000,000 bushels of potatoes annually. She now has over 700 potato-drying

factories, not including the so-called drying cylinders, of which there are 250. In 1913-14 Germany dried 11½ million hundredweight of potatoes, and in 1918 her capacity was estimated at 37 million hundredweight.

Thrifty Holland has a single potato flour plant which has a capacity of 33,000 bushels daily, and in all boasts of 32 factories for manufacturing flour and several for making dextrin or glucose from potatoes. During the last two decades the potato flour industry in Holland, through co-operative effort, has received a tremendous impetus which has led to the establishment of co-operative experiment stations for the study of the scientific culture and treatment of potatoes for industrial purposes and all practical phases of the industry.

As early as 1890 several large manufacturers in The Netherlands took the first step toward organization. In 1900 they announced uniform prices for raw potatoes and the farmers had to sell on their terms. These farmers later retaliated by organizing co-operative producing societies which soon developed into manufacturing institutions as well. Thus two systems were put into operation, one in which the farmers co-operated to the extent of owning shares in the factory, and the other in which trading was independent and speculative. These organizations have their own trade marks, sell independently through domestic and foreign agents, and are keen rivals in the production of superior qualities. Of the potato-flour factories in the Veenkolonien, eleven are co-operative. About three-

fifths of the total potato flour of the country is ground in independent mills, and according to Vice-Consul Dirk P. DeYoung, the demand for Dutch potato flour is always greater than the supply.

In The Netherlands the manufacturing season usually extends from the middle of September to the last of November—about ten weeks; and the excellent waterway system of Groningen makes it possible to shorten the season by expediting delivery of potatoes. The value per bushel is very low, the average being estimated at about \$0.34 per hectoliter (2,837 bushels) and the value of the potatoes used for grinding into flour in one season about \$3,400,000. The price per bag of 100 kilos (220.46 pounds) has varied in the last few years from \$3.60 to \$5.20. Supposing the average price is \$4.40 per bag, the total value of the manufactured product would amount to \$4,840,000 per season.

### Storing Against Lean Years

THIS means that the value of the raw potatoes consumed has been increased by \$1,440,000 through the manufacturing processes. Large quantities of this flour are exported to Great Britain, Spain, Belgium, Italy, the free port of Hamburg, Denmark, United States, and Canada.

This industry which has proved its worth under European conditions is to have a thorough trial in this country.

One of the strongest arguments presented for drying potatoes in this country is the fact that the yield of potatoes varies widely. Through a series of years the acreage only fluctuates about 3 per cent but the yield per acre varies on an average about 17 per cent. The full significance of this situation is brought home to us about every other year when potatoes sell in the spring at a figure much less than the cost of production. Nevertheless, when measured by domestic demand one year with another, we absorb about all the potatoes we produce and there is room for expansion of the industry, if we will properly safeguard it and take care of the No. 2 and cull products.

The need for this improvement in the potato industry is more evident to the city buyer than to the grower. The grade of potatoes available frequently is so low as to make the purchaser willing to pay almost any price for tubers that are guaranteed to be free from hollow heart, blackheart, etc.

The potato-production pendulum swings through such a great arc that some years we are forced to import potatoes, and there seems to be no reason why in years of a surplus crop the excess should not be conserved and held over against the lean years.



The potatoes, having been through the washing machine that removes earthly stains, go calmly up the moving stairway to their doom



# DEPENDABILITY

## Atlas Cement

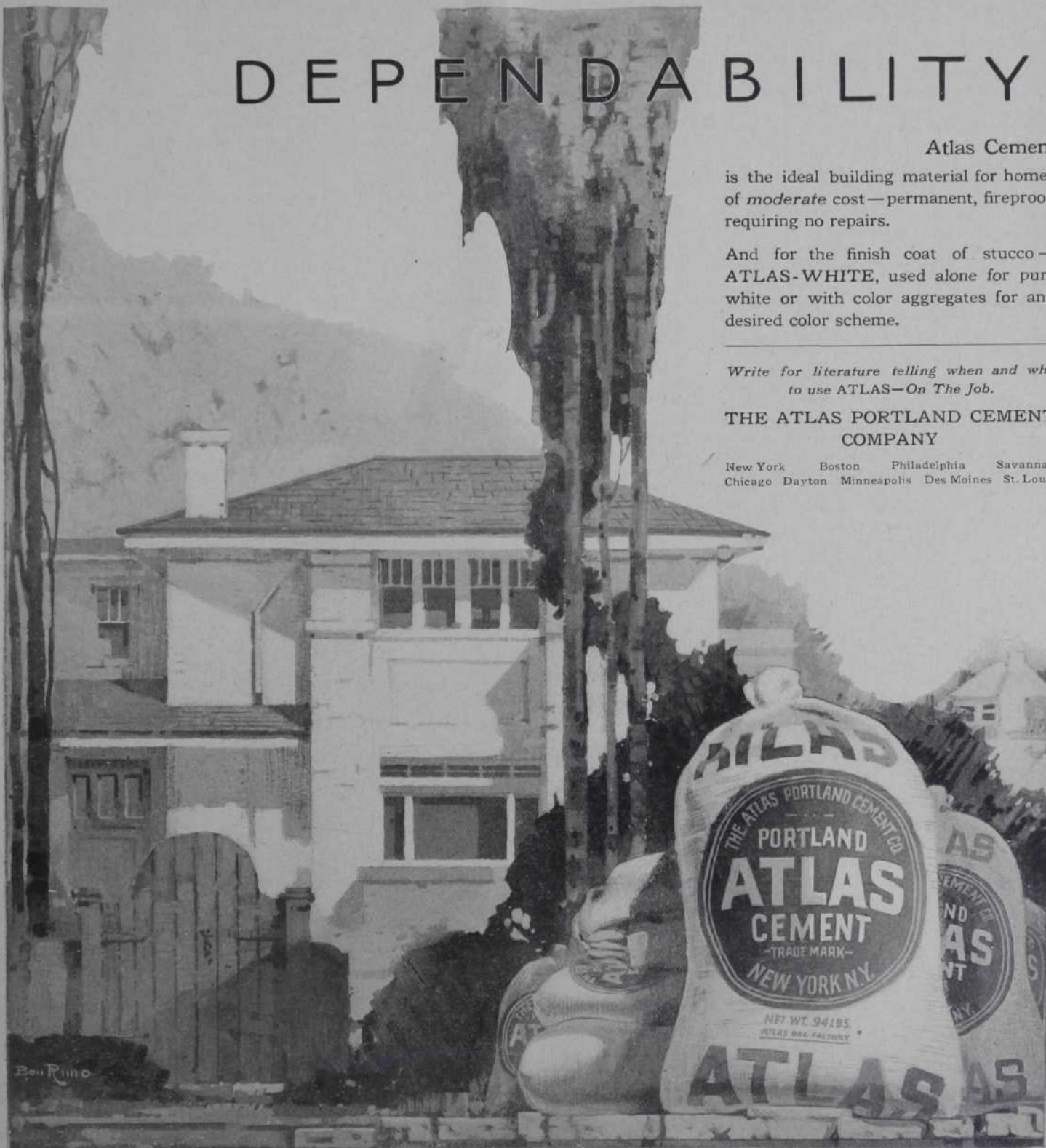
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# ATLAS CEMENT



# Germany--Crushed or Powerful?

The air is full of commercial bear stories concerning the re-entry of the "Imperial Republic" into world trade. What is the truth and how will it affect America?

By J. WAINWRIGHT EVANS

THE commercial news that comes out of Germany today is of two kinds, seemingly contradictory and mutually exclusive, and yet both of them true in a sense. One set of facts says that Germany is tied hand and foot because she lacks food, coal, and raw materials; that though she may gradually stagger to her feet, particularly if we can extend credits to enable her to buy food and raw materials from us, yet the recovery will be so gradual that neither we nor our European allies have anything to fear from German commercial competition.

The other set of facts is very different. Like the first they are well authenticated. They say, in effect, that Germany is coming back stronger than we have the least notion of. Her plants are untouched by war and fed fat with stolen Belgian machinery; her workmen are on the job, willing to put in a sixty hour week if it will help the Fatherland; she is making the most of what coal and raw material she has by the production of goods that take lots of labor and skill and little material; she is getting the jump on the rest of us in Russia; and, finally, she is already flooding the markets of Europe with impossibly cheap goods at prices with which neither we nor anyone else can possibly compete.

## The Meaning of Cheap Marks

HER biggest single lever is the depreciated mark. The normal value of the mark is about  $4\frac{1}{2}$  to the dollar. Its present value is less than 20 to the dollar, and it keeps going down. A franc used in Germany will buy about  $3\frac{1}{2}$  marks' worth of goods. A franc in the United States has a value of about 11 cents—not to mention the long freight haul to be paid on all purchases bound for France besides. With France all but crushed, how can any Frenchman afford to buy here rather than in Germany?

That is why all Europe today is beginning to buy in the German market. That explains why Germany undersells us on any goods she has the material to produce. It explains why, after various American and European firms recently tried to land a \$500,000 contract for some iron and steel water pipe wanted by the Dutch East Indies Colonial Government, a German firm stepped in and took it from under their noses. With the German mark selling in the Dutch East Indies at 12 guilder cents, while the American dollar was worth 260, it didn't require much cleverness on the part of the Germans to take everything in sight.

Twenty German salesmen landed in Buenos Aires not long ago and began offering German goods at exceedingly low cut prices. They had a big variety. They had a very good safety razor priced at 60 cents, and other things to match.

If the leverage of the depreciated mark will do that kind of thing at the Antipodes it doesn't take much guessing to figure what it can do nearer home. It doesn't take much figuring to force the conclusion that the principal thing that holds the Germans back

is restricted production, due to lack of the raw materials which they want to get from us but which they cannot afford to buy till we extend them credits.

When those credits are finally provided, if they ever are, the result will be two fold: First, Germany will become a tremendous buyer; second, she will become a tremendous producer and business rival.

But almost immediately the mark will rise in value; and Germany's ability to undersell us by virtue of a debased mark will last only for a short period. A transition, a painful adjustment, is involved here, of course—but like all after the war adjustments, it has to be made sooner or later. And however painful it may be, it will be better to make it sooner rather than later.

The things which Germany most needs in the way of raw material from us are cotton, copper, hard steel, bronze, graphite, asbestos, good lubricating oil. In addition she needs about 100 million dollars worth of food to carry her through till spring and to give her workmen the energy necessary for normal production. In any explanation of the present German economics, those items are fundamental. They are the Law and the Prophets.

Possibly lubricating oil is the most important item on the list. Germany, contrary to the general impression, has a lot of locomotives only—they won't run. They have been abused, and a chief cause of their break down has been want of good lubricating oil. Oil will keep even a piece of scrap iron moving for a while. After that essential is supplied, of course, the right stuff has to replace worn out parts; and that is where much of the rest of the list functions.

## The German Plans

BUT, with regard to everything on that list, and much that is not on it, the capital fact to remember is, first that Germany needs, not a little of these materials, but enormous quantities of them; also that the mark is rated so low she can't afford even small amounts of them.

So much for the things Germany would buy if she could. The next important thing about Germany the Customer is her method of managing her finances. To quote Dr. Alonzo Taylor, formerly member of the War Trade Board and Chief of the Research Division of the United States Food Administration:

"There were two parties in Germany. One was in favor of requisitioning every single foreign security that a German owned anywhere in the world and putting that money into raw materials and food at once, so as to get a jump on the world, if they could do it. The German Government (had) secured a list of every single foreign security held by a German in Germany, in neutral countries, sequestered in enemies' countries, or at a distance. The list is about \$3,000,000,000. They had this list; they could have seized it all.

"The one party wished to mobilize all of the resources; the other party said, 'No, that is a dangerous procedure; in the first place the Allies won't let us; they are not going to let us get a jump on them and begin manufacturing first. In the second place, our labor difficulties are not solved, and if we spent all of our money for materials and it shouldn't work out, we would have nothing to fall back on.' So they decided to lay as low as possible and to proceed with extreme care in the development of their return to a manufacturing and exporting nation.

"Of course the Germans, everyone in Germany who reasons at all, knows perfectly well that Germany existed only by means of overproduction; unless this peak of overproduction can be regained, 20,000,000 Germans have got to leave Germany or starve. This is a simple question of calculation that can be shown very easily.

## They Paid in Gold

NOW the German point of view regarding their replacement is the point of view of the banker; not the point of view of the consumer. Here is a story that will illustrate the situation. The nutritional authorities, when they viewed the food stocks, the distance to the next harvest, etc., figured out that they ought to have in terms of immediate production about \$1,600,000,000 worth of foodstuffs. When they finally came under the Brussels Agreement, to purchasing up to the recent harvest the foodstuffs they needed, they purchased only \$300,000,000 and they paid for those in gold. Not a single German security was requisitioned.

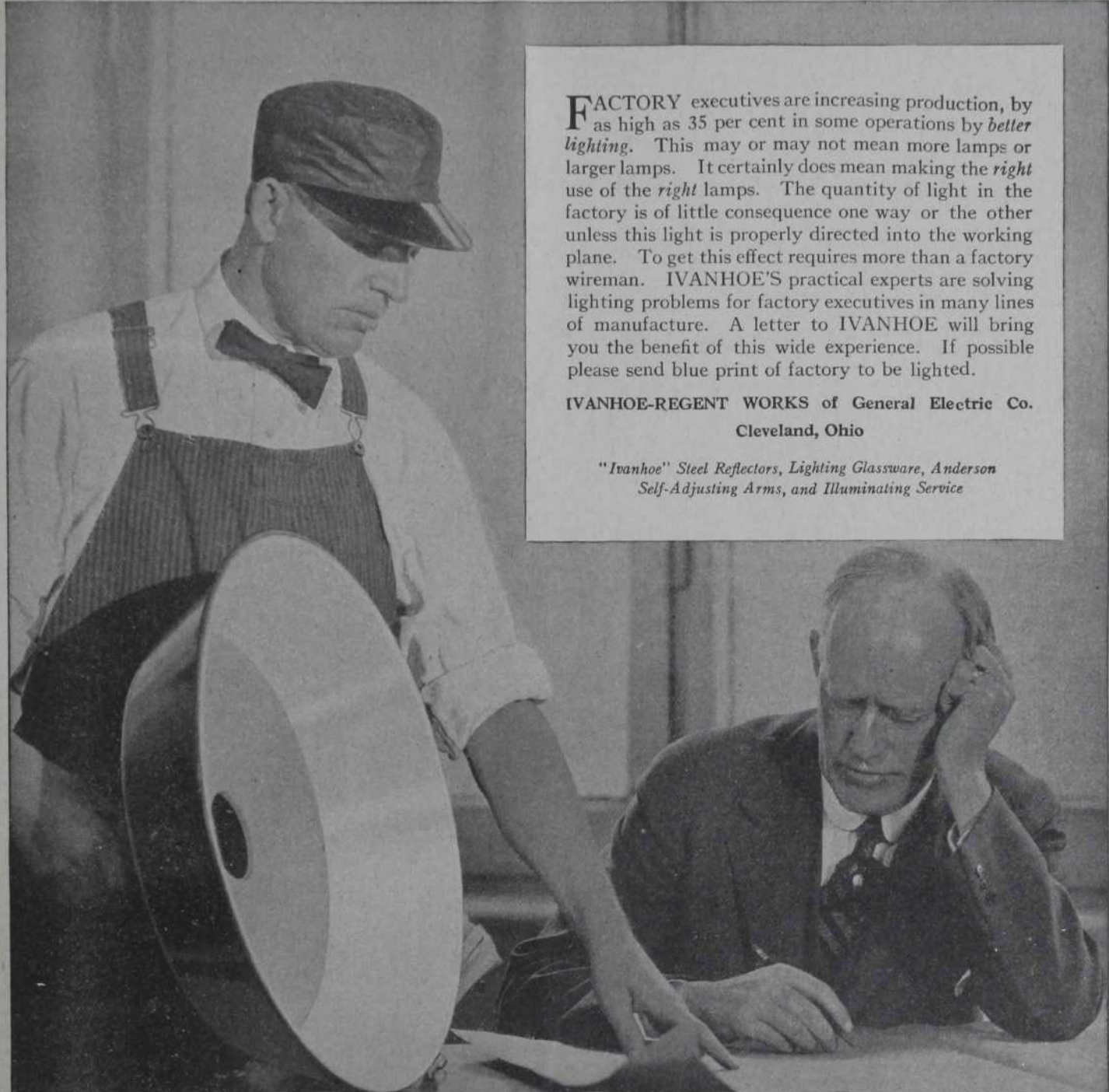
"In the United States we have at present \$850,000,000 worth of German property. They didn't requisition it. They sent \$300,000,000 worth of gold out of Germany, and limited their food purchases to one-half, less than one-half, of what was allocated to them by the Brussels Agreement, and one-fourth of what the nutritional authorities said they needed. This is an illustration of the way in which the financial control of Germany is carried on."

I further briefly summarize Doctor Taylor's statement of the five ways in which the German government is controlling imports and the method by which they must be paid for:

First, they will not permit a mark to be offered for sale outside of Germany. The second method is on credit, and unless a man has a credit slip attached to an import sheet, he doesn't get it signed. The third method is by the sale of foreign securities in their hands.

"They don't care to sell their securities now. As Melchior, who is one of the brainiest men in Germany, and who guided the German Government far more than the Berlin crowd—as he puts it, Germany's future lies in the proper use of these securities, and they must not waste them, must not dissipate them now in a period of commercial relations when they cannot tell





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Courtesy of Pan-American Union

Harvest time in a German colony in Argentina. Unless Germany can again export a huge surplus of wares, 20,000,000 Germans will have to leave the Fatherland. Their plan seems to be to export men and import supplies. Re-

cently German missions visited several South American countries where they purchased land for colonists. Exportations of men to these settlements have begun. They will buy German goods and send back raw materials.

whether they are going to secure anything or not, when they cannot tell whether the venture will prove worthy. The manufacturer is hesitating on account of the labor conditions, the cost of fuel (which is enormous), and the external conditions of trade, which are not stable; and the German prefers to wait before he sells his foreign securities and puts the money into a domestic venture. Nevertheless there is a certain amount of this business going on, and it is one of the five methods permitted."

The Fourth method is by the exchange of indigenous German commodities, such as coal and potash, for imported commodities. Germany is producing none of these in large quantities at present. Concerning this Doctor Taylor says:

"When the Germans first came to consider the question of payment for their food-stuffs, they brought a list of the materials they had to offer, a certain amount of potash, a certain amount of aniline dyes, of chemicals. A very competent technical committee took this list, and they were not able to make up their minds that there was 15 millions of dollars worth of stuff; and this was all they had to show—15 million dollars for a nation whose exports before the war were 400 million. Therefore Germany has very little material available of indigenous origin.

"The last method is the exchange method. This is a form of trade which they are try-

ing to press. It is a form of barter. If you ship Germany a thousand tons of cotton she will return to you 210 tons fabricated in a certain way, and pay you back in the finished article. She is trying to do this both directly and indirectly. She is having far more success with this method of dealing with Switzerland, Holland, Scandinavia, and Sweden.

"These are the five methods of trade that the German government really permits. . . . Americans who wish to sell Germany raw materials must make up their minds that if they are going to do it in any reasonable volume, they will have to get in on one of those five methods."

#### They Can't Wiggle Out

SO much for the outstanding facts about Germany the Customer. By great efforts she is making shift to obtain some materials by schemes of barter, and by skillful manipulation of exchange methods. But when all is said and done, the needs of a nation of 80 million people, stripped of ability to buy and to use the ordinary facilities of the commercial world, are bound to be far in excess of what they can obtain by such makeshift methods. The only release from that condition is adequate credits.

But it is when you come to consider Germany the Competitor, Germany the active and unscrupulous business rival and seeker

for world trade, that you come upon the material for bear stories and economic bogies which so many of our popular magazines and most of our newspapers have been feeding to the American public for the last several months. Here you find Germany in action—putting us on the mat in Buenos Aires, knocking us against the ropes in the Dutch East Indies, and ramping unrestrained among the whiskered Russians—possibly with the kindly aid of Mr. Lenine.

I don't mean to under-rate the facts. I don't mean to imply that Germany, as a competitor, may not be a stick of dynamite. I don't mean that we should take no precautions, or that we should not exert ourselves to the utmost to combat in every legitimate way any condition that tends to give Germany the jump on us in world markets.

But this is not to say that we have any right to become hysterical. Nor does it alter the patent fact that the most prosperous, most unscrupulous Germany possible is more to be desired, and less to be dreaded than Germany commercially and industrially diseased, infecting all Europe with her disorders. Pulling Germany out of the pit is a plain question of self-preservation.

There is a humanitarian side to it as well, of course. There are babies in Germany who have never tasted milk; there are under-developed youths who have not eaten enough fats; there are tubercular adults passing on





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their acquired weaknesses to the children now being born. Those facts make a complete and absolutely compelling case in themselves. They need not be argued here. We may confine ourselves to showing that self interest, as well as humanity and our own self respect, calls for a clearing up of this situation.

But first for a few facts to show what Germany the Competitor may do and is doing.

I cite some passages from an account of the status of Germany's machine tool trade, written by Mr. Alexander Luchars, Editor of *Machinery*. It falls right in line with the Java incident and the Buenos Aires incident.

Mr. Luchars first points out that while no data are yet available for exact comparison, the prices on American machine tools in Germany "would range from four to seven times what they were in 1913-14, and from 50 to 75 per cent more than similar German tools sell for. One dealer estimated that an American 14-inch lathe, which he sold for 2,000 marks in 1914 he would now have to sell for 11,000 to 12,000 marks; while a German tool of the same size and of good make would sell for 6,000 to 7,000 marks.

"The German manufacturers," Mr. Luchars continues, "are turning out far better tools than they did in 1913-14. The designs of many well known American tools are followed, some are faithfully copied and others adapted by leading German makers. . . .

### Copying Our Machines

THE German designers have made few changes in machine tools, and few new machines have been brought out. On account of the tendency to copy American machines, or, if not in their entirety, to use their new points, our manufacturers are cautioned about accepting first orders on such machines. . . .

"It is said that a high protective duty will be placed on imports. The National Assembly being only a provisional body, it is likely that this question will be left to its successor, but there is a marked tendency among those having authority, to arbitrarily shut out all American machine tools, except those types which are not made here. I said to one of these gentlemen, 'I have no authority to say that any American machine tool manufacturer wishes to sell tools in this market, or that it is possible to do so with the mark at its present value; but—you all say you want to trade with America; how will you be able to if you shut out our products?' No satisfactory answer to the question was forthcoming. . . .

"There has been no change in the German patent law since 1909; and American manufacturers are advised to patent any improvements that are patentable—not only for their protection in Germany, but in other continental countries where German tools may be sold."

The conclusion of Mr. Luchars' report reads: "My own opinion is that if Germany gets through the coming winter without another revolution—and the chances are she will—the period following will see industrial conditions slowly improving, food more plentiful and therefore cheaper, the Mark worth more, wages no lower but men more willing to work, and production percentages slowly increasing. All the developments will be very gradual; but if this forecast is correct

Germany will, in a few years, become a formidable competitor in the machine tool markets of the world."

So much for the evidence. The facts I have so far given, many of them containing apparently opposite implications, I have selected because they seem to tell both sides of the story. Can they be synthesized into some rational conclusion that will not mean, on the one hand that we have *nothing* to fear, or on the other hand that we have *everything* to fear?—I won't venture my own answer on that. I can offer a better one—two of them, in fact; one from Mr. George E. Roberts, vice-president of the National City Bank of New York, and other from Mr. Francis H. Sisson, vice-president of the Guarantee Trust Company of New York. Both of them are in entire agreement.

I went to Mr. Roberts and asked him what he thought of it.

"It is foolish," he said simply, "for us to be uneasy over anything that points to a return of the German people to prosperity. It is foolish and short-sighted, and it is bad economic reasoning to boot.

"When that word competition gets in the way too many of us can't see anything else. It may be taken as axiomatic that as long as any nation, particularly a nation as big and important as Germany, is industrially prostrate the rest of the world loses by that, and cannot prosper as it should.

"What we need to understand first is that there is room enough for all; and that there is no limit to the amount of production the peoples of the earth can use. Suppose Germany does, in a shorter time than we expect, go ahead and produce to the limit! What of it? Why shouldn't she? I hope she will.

"In the five years preceding the war Germany's imports exceeded her exports. By no stretch of possibility can Germany make everything, nor can she supply more than a small fraction of what the world needs. As for this talk about our being undersold—if Germany can produce certain things more cheaply and better than we, let her! The job will keep her busy. Inevitably there will be certain things which she will have no time to make, and to which we and other manufacturing nations can turn our attention. These things work themselves out. The thing has happened time and again in history, and yet men never seem to get the lesson learned. No country in the long run does more than supply its own wants.

### All Need Help

I DO not mean to say that things are as they should be. Germany, like the rest of Europe, needs help terribly—help to come back. She needs above all, adequate credits in the United States, for buying food and raw materials. So long as Germany is left in her present condition, any help we may extend to the rest of Europe will be merely a half cure.

"The depreciated mark will continue to disturb the normal commercial developments of Europe, and we shall feel the effect here. And besides that there will be the indefinite continuance of untold human suffering in Germany and elsewhere. No purpose is served by that kind of thing—not even the purpose of vengeance. It means that we hurt ourselves.

"If we once get to the point of making a loan to Europe by inducing the American people to buy European securities, that will be the first step toward a solution. And if a great corporation can be organized, as has

been proposed, to buy up European securities, and then issue its own securities and put them on sale in this country, perhaps German securities could be included in that project.

"If this were done the bugbear of German prosperity being helped by the depreciated mark would shrink and fade, and we should hear no more of it. Germany will be an active competitor in world markets; but the more she sells the more she will buy. We have nothing to fear from any competition Germany can create if once the German mark returns to its proper value.

"The question of how soon the currency of all European countries is to return to normal values rests very largely with us. It is time for us to save money and loan it to Europe; instead of boosting our own cost of living by the orgy of spending in which we are indulging."

Here is what Mr. Sisson said:

"We are simply marking time. The American people has not the least conception of how terrible are the conditions both in Germany and in all Europe. We who have been there and seen have talked ourselves out. The only thing that can now avail is leadership from Washington. In letting things go as they will, without taking action, month after month, we are doing more than inhumanly leaving Europe in the toils of the war's aftermath; we are choking off a market which we need in order to keep our own industries healthily and fully engaged. Such neglect, with labor as restless as it is at present, is dangerous, to put it mildly.

### Europe—including Germany

WE have small right to be wasting our energy speculating on what the depreciated mark can do to our markets in Europe and elsewhere. That is a thoroughly superficial view to take. It doesn't go to the root of the trouble. Just one thing will set the pulse of trade to jumping again and restore the economic health of the world *now*, instead of in the future, after nations have needlessly suffered, and children have died for want of food and warmth. That thing is the establishing in the United States of adequate credits for Europe. And Europe, you will note, includes Germany.

"To save ourselves from credit inflation we must give no credits not based on our own savings; but go ahead with this thing we must. I am quite aware that it would be difficult, if not impossible, at this time to sell German securities as such on the American market, but there are ways of managing that. They can be absorbed by some central organization, and other paper issued and sold in their place—paper that will be American and not German.

"This presents a big problem in salesmanship. I hope we shall not delay very long in solving it. Failure to realize the consequences of our inactivity does not palliate the callousness and the inhumanity of it. Let us stop worrying about German competition; let us not be short-sighted; let us not reason superficially in these matters; let it be our chief concern to do what is clearly required of us. Let us do right; and the future, in spite of German competition, German tricks, German nationalism in business, German commercial subsidies, and all the rest—will work itself out. What the world now faces is worse than anything the most prosperous and vicious commercial Germany conceivable could possibly accomplish against it."





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THE "Production Weevil" bores from within — it works its way into a worker's mind adroitly — when he little imagines it.

This pest creeps into your plant and its still whisperings pull down your shop morale.

"Do less" — "Make 'em pay more" — "Your boss is a hog" — "The works belong to you, take 'em" — all this sort of rot makes up the germs which cause discontent.

"Industrial innovations of any sort — better systems, new policies, welfare in all its branches — everything you hear about that is good is placed in jeopardy by the presence of the *Production Weevil*, because it bores from within."

And now let me tell you what Sherman Service is:

*"It is the constructive handling of human beings in industry — employer and employee — to the end that production, happiness and enthusiasm in work will be always at a maximum; discontent, labor-turnover, at a minimum; and that industrial strife may never occur. This means complete and full understanding and co-operation between management and workers and full confidence both ways — always a Square Deal."*

ATTORNEY-GENERAL PALMER is quoted as recently saying:

*"If we could make labor understand it; if we could make capital understand it; make everybody understand it on both sides of the economic fence — that idleness is a sin if not a crime, and get money and labor both to working every day, giving an honest day's labor for an honest day's wage for only six months — every one of these problems would be solved."*

*"There are underlying, fundamental reasons for this condition in America which no law-making department of the Government and no law-enforcing department of the Government can hope to successfully cope with."*

In every sort of an industry we are making workers and employers think and do right. Sherman Service has and is doing the very thing needed most on earth to-day — we are building up production, decreasing labor-turnover and waste, diminishing carelessness and making Management and Men Pull Together as they did in the Old Days.

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# Little Stories of the Nation's Business

Highlights in the swiftly moving drama of American Business finding itself after the shock of peace

## Agriculture

CALIFORNIA grape growers are doing a record business. A few years ago the growers were glad to receive \$15 a ton for grapes; this season they received from \$30 to \$50 net.

Big-game herds are increasing on the four big-game reservations under control of the United States Department of Agriculture. The report of the chief of the Bureau of Biological Survey shows a total of 368 bison, 274 elk, 54 antelope, and 21 deer, an increase in each species over the number reported last year. The number of visitors to the big-game reservations is also growing, says the report.

The area of harvested crops for 1919 amounted to a total of 359,124,743 acres, more than 2,645,311 acres larger than last year. The value of farm crops harvested last year totaled \$14,092,740,000, exceeding the value of 1918 crops by \$1,492,214,000.

The Department of Agriculture estimates the total production of cotton for the season of 1919-20 at 5,275,090,000 pounds, equivalent to 11,030,000 bales, not including linters. The total production in 1918 was 12,040,532 bales; in 1917, 11,302,370 bales, and in 1916, 11,449,930 bales.

The Bureau of Soils has made surveys of 517,940 square miles of land in the United States, and maps are available at the Bureau showing the character of the soil in every nook of these areas.

The Bureau of Plant Industry reports that investigations have demonstrated that long-keeping grapes can be successfully grown on a commercial scale in the wine-grape districts of the Pacific Coast.

The Department of Agriculture established an experimental kelp-potash plant at Summerland, Calif., during the war. Before the second year of operation the Department determined that not only could the plant be made self-sustaining on a basis of potash alone at \$2.50 a unit, but a number of by-products could be obtained profitably.

The wheat production for 1919 was 2,074,761,000 bushels, or 92.7 per cent of 1918 production and 96.5 per cent of 5-year average, according to figures on 15 countries furnished by the International Institute of Agriculture at Rome. The sugar-beet production for Spain, the Netherlands, Switzerland, Canada and the United States was 117.2 per cent of the 1918 output, or 103.5 per cent of the 5-year average, placed at 10,390,000 tons.

## Industry

ALL building records in the territory north of the Ohio and east of the Missouri rivers were broken in 1919. Statistics show that contracts totaling \$2,332,902,000 were awarded for 11 months ending December 1, 1919, or \$700,973,000 more than in the corresponding period for 1918, the previous high record.

Seventeen Southern coal-mining enterprises recently announced plans for extending plants and opening new mines.

A syndicate of New York men has pur-

THE importance of these paragraphs is of inverse ratio to their length. They are culled from the business news of the month, and are boiled down to the very bone to make quick and easy reading. Among them are facts that can be applied directly to the opportunities and problems of your business.—The Editor.

chased oil leases on 200,000 acres of land in western Texas, from the University of Texas. This is one of the largest oil deals in the State in extent of acreage.

The National Automobile Chamber of Commerce has estimated the motor-car production of 1919 to be not in excess of 1,600,000.

Atlantic Coast oil refineries are turning out approximately 111,000,000 gallons of oil a month, compared with 93,000,000 during 1918.

Texas is now producing crude oil at a rate of 80,000,000 barrels a year, its output exceeded only by that of Oklahoma and California fields.

One hundred and forty-one oil companies were organized in November, at an aggregate authorized capitalization of \$490,760,000, representing a slight decline compared with September and October. This brings the total indicated investment in the petroleum industry for the first 11 months of 1919 to \$3,207,797,000, distributed among 1,448 companies.

A report that civilian demand for airplanes is large enough to support a flourishing industry was presented recently to the Aero Club of America and the Aerial League of America by a commission which has investigated conditions in 49 cities. The commission reported that business amounting to nearly \$50,000,000 was lost in 1919 through the unreadiness of the American aircraft industry to meet the demand.

Twelve prominent scientists, bankers and business men met in New York recently to take steps toward the formation of an association to urge the development of water power in America estimated at 100,000,000 horsepower with the annual value of \$5,000,000,000.

Eight hundred and fifty-three new companies, with an authorized capital of \$100,000 or over, were organized in November with an aggregate capital of \$1,341,447,500, an increase of more than 923 per cent over November, 1918.

The production of coal in Alaska in 1918 was 75,606 tons. This may be compared with 53,955 tons in 1917. The production in 1918 was by far the largest in the history of coal mining in Alaska and it is believed that a substantial coal-mining industry has at last started in the far north territory.

## Finance

THE Treasurer of the United States, in the annual report for the fiscal year 1919, gives the following:

Ordinary receipts were \$4,647,603,852.46,

an increase of \$473,593,266.72 as compared with those of 1918. Ordinary disbursements were \$15,365,362,741.76, an increase of \$6,398,830,475.73 by like comparison. The disbursements on account of the Panama Canal were \$12,265,775.08, while receipts were \$6,777,046.55. Net excess of disbursements was \$5,488,728.53, which was paid out of general fund of Treasury.

The Director of the Bureau of Engraving has announced that the Bureau turned out securities whose face value exceeded \$48,000,000,000 during the fiscal year which ended June 30, 1919.

The American dollar (gold) is worth only 76 cents Chinese currency. Chinese bankers have disposed of all American gold, anticipating its depreciation to 50 cents.

Under an arrangement made between the Treasury and the Federal Reserve Board, standard silver dollars that are free in the Treasury will until further notice be delivered against other forms of money to the Division of Foreign Exchange of the Federal Reserve Board, which will through the Federal Reserve banks of New York, cooperating with the branches of American banks in the Orient, employ such dollars in regulating our exchanges with silver standard countries.

A commission of London bankers and financiers have recommended that it is neither necessary nor desirable that there should be any early resumption of the internal circulation of the British sovereign as a purchasing coin. All gold and bullion are to be concentrated in one central reserve at the Bank of England.

The annual report of the Director of the Mint shows that in the fiscal year of 1919 the Government realized \$8,369,971.01 on its mining operations. Of this amount \$4,136,777.58 was made through the manufacture of nickel and bronze coins. Pennies minted totaled 466,859,600.

According to a recent report of the Commissioner of Labor Statistics the cost of living will not be materially reduced until the inflation of currency is curtailed. Until the national debt is reduced there will be no noticeable depreciation in prices, and any attempt at a great reduction would bring a blow to the whole structure of business.

The Italian Minister of Finance anticipates a deficit for 1920-21 of two billion and a half lire. The indemnity owed the nation surpasses the amount of its foreign debt and this fact will have an important effect toward re-establishing a proper equilibrium.

Three billion silver dollars were shipped to China from San Francisco, December 25, by three banking corporations of that city.

## Foreign

THE economic situation in Germany is said to have improved to an astonishing extent. Statistics now show, according to the Minister of Food and Economics, that the production of mines, shipyards and general industries is approaching the pre-war basis.

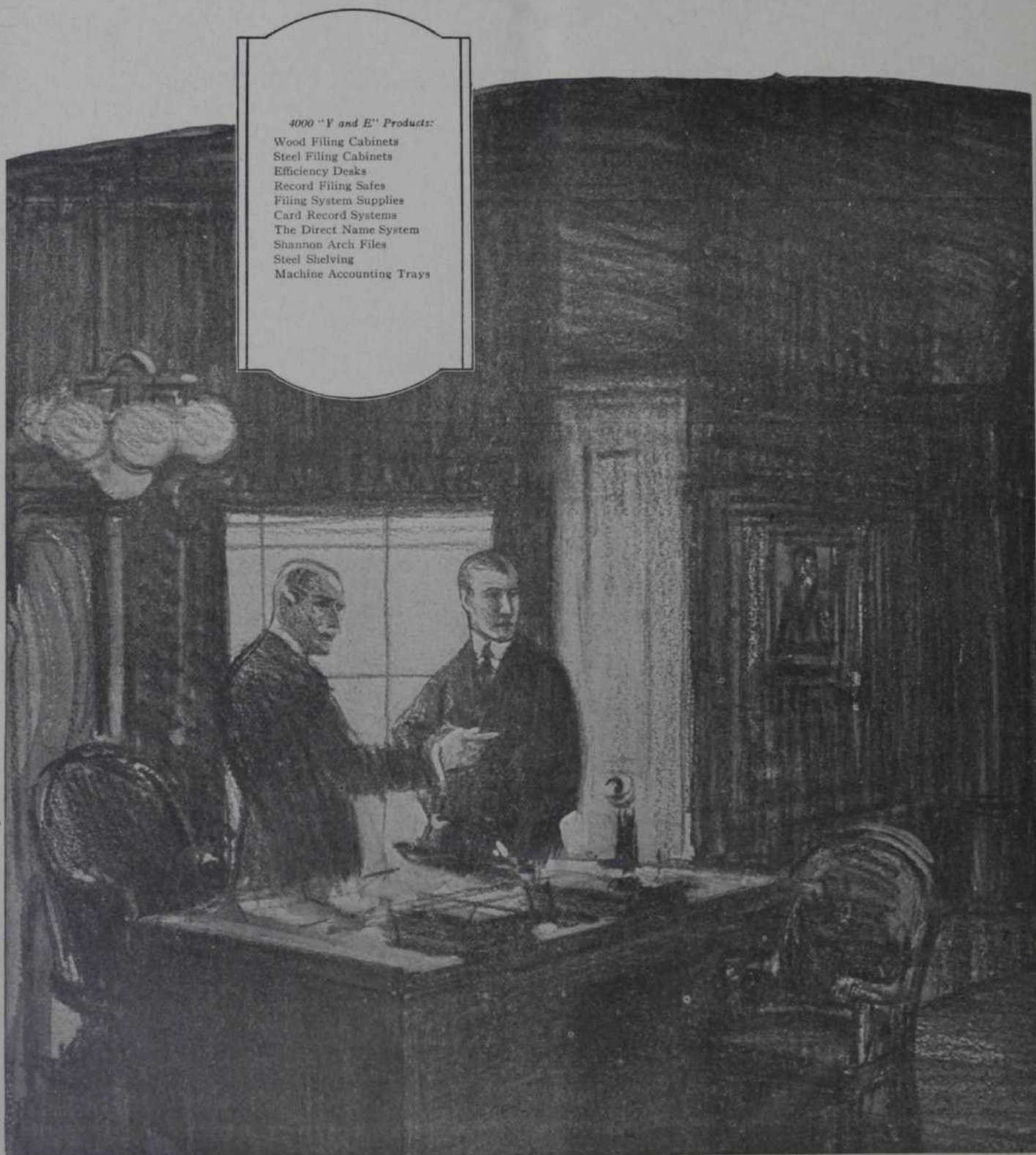
(Continued on page 64)



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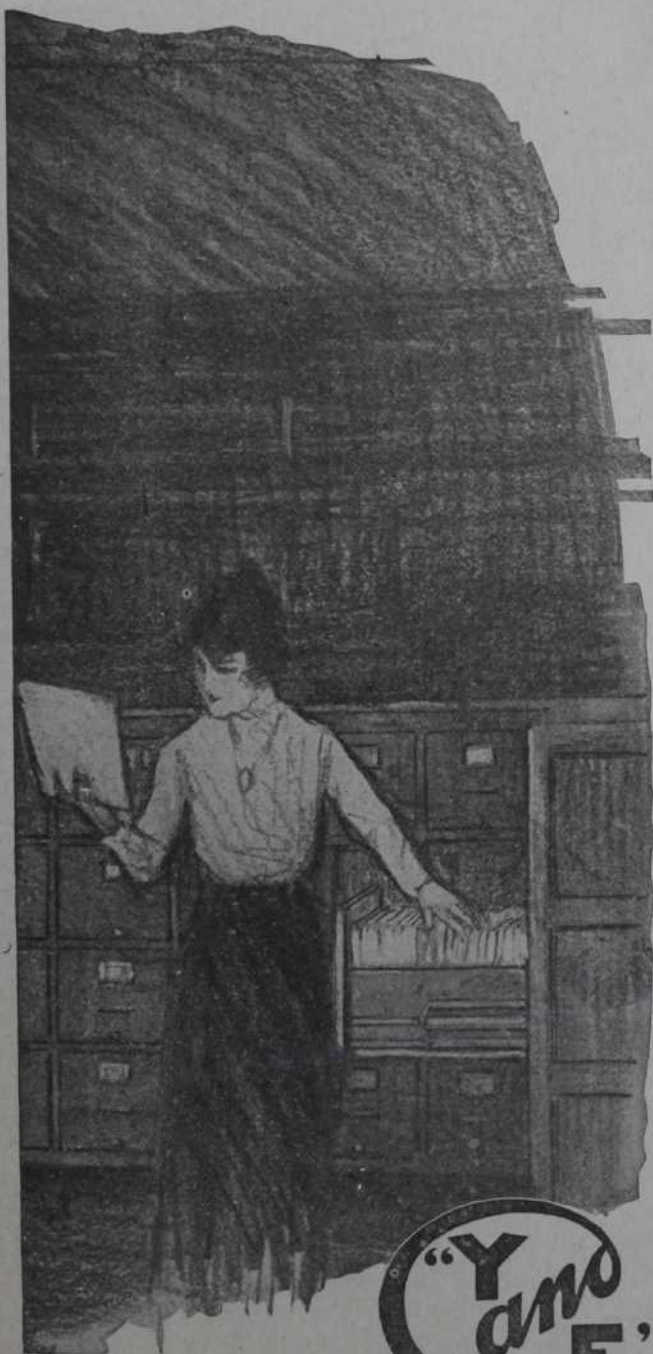
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(Continued from page 61)

The French Minister of Liberated Regions, among other problems, is confronted with the following task in reconstruction: Building work requiring 22,000,000 tons of material and the labor of 700,000 men for one year; 100,000 houses are to be entirely rebuilt, requiring 5,000,000,000 bricks; 3,000,000 cubic meters of sand; 1,000,000 tons of lime; 13,000,000 square meters of tiles, and 3,000,000 cubic meters of wood. Reconstruction of highways and railroads would require 3,000,000 tons of materials and the labor of 15,000 men for one year. An addition of 20,000 trains and 5,000 trucks is needed.

The Canadian Government has paid out more than \$150,000,000 in gratuities, has spent \$57,000,000 for re-establishment of disabled soldiers, and will spend \$50,000,000 more in putting disabled soldiers in positions where they can earn a living.

The food scarcity in Petrograd has become so acute that food is distributed only upon prescriptions from physicians. Wood supplies are wholly inadequate, resulting in discontinuance of industrial operations.

The City Council of Stockholm has decided to send all remaining supplies in the hands of the Stockholm Food Commission to Berlin and Vienna. The English Relief Society, operating in Vienna in behalf of the people of Austria, announces that the people of Vienna lack every necessity in the way of clothing, food and fuel.

The repatriation of Germans who have been prisoners of war is among the present problems of Germany. These men are usually dismissed from demobilization camps on the Rhine with 50 marks pay, wages and board for 56 days, clothing and shoes. Committees in 5,000 towns endeavor to find employment for the returning citizens or to supply temporary relief.

Great Britain's present national debt of \$37,500,000,000 is nearly 12 times greater than before the war. The annual interest is more than half the total debt of 1914, and the nation is spending at an annual rate of \$8,050,000,000 against \$670,000,000 before the war.

British investments in Latin America amount to \$5,000,000,000, of which \$1,000,000,000 are in Brazil.

Luxemburg, proportionately speaking, is the wealthiest country in the world. The national wealth amounts to 3,125,000,000 francs, equivalent to 12,000 francs per capita, compared with 10,500 francs for the United States, 9,720 for Great Britain, 7,500 francs for France, and 6,440 for Germany.

Germany's national debt, exclusive of liabilities imposed by the peace treaty, is estimated at 260,000,000,000 marks.

The British Government plans to introduce five-shilling notes, owing to the present high price of silver. The new note will be equivalent to the American dollar at the present rate of exchange.

In response to the appeal of the Anglo-American Society, Sir George Watson has given \$100,000 required for the foundation and endowment of a chair in American history, literature and institutions in order to promote such studies in all British universities.

The introduction of a bill in the German National Assembly to authorize the creation

of a Works Council marks the first definite step taken in the execution of the fundamental ideas embodied in the German constitution as regards the interests of workmen in establishments where they are employed.

Canada's flax crop averaged a price of \$3.13 last year, while that of 1915 was \$1.51.

A light which far surpasses any existing arrangement of artificial light and one which is the closest approximation to actual daylight ever accomplished has been perfected in London.

The automobile output in France for 1920 will reach 200,000 cars compared with 30,000 in 1914 exclusive of commercial trucks. The supply cannot overtake the demand even at the present rate of production and after the absorption of 150,000 American army cars.

Great Britain has realized \$555,000,000 from the sale of surplus stores and property since the armistice.

The Asiatic portion of the late Russian Empire will be organized into federal states, each self-governing, but all consolidated under one supreme government for military defensive purposes. The plan, in its present state, is similar to the American system.

### Labor

FRANK E. MORRISON, secretary of the American Federation of Labor, announces that the Federation has gained nearly 1,000,000 members within the last year. The Federation now numbers nearly 4,000,000 members.

Three hundred thousand workers in cotton and woolen mills in Massachusetts and thousands of operatives in other Eastern States have been granted a wage advance of twelve and a half per cent, which will mark a new high level for textile wages. It is estimated that this will add approximately \$1,000,000 weekly to the payrolls of New England mills.

According to a resume of the industry made public by the Bureau of Labor Statistics, the pay of female workers in the meat-packing industry during 1917 averaged less than half that of male workers in the same industry.

Seventy-five per cent of the appointments in civil service at Washington during the war were filled by women. In the field branches the proportion was one woman to two men.

Every factory in Great Britain employing 300 or more workers is compelled by law to operate a training school for untrained workers. France has made training compulsory in all shops.

According to J. P. Holland, president of the New York State Federation of Labor, who has completed a tour of the country, American workmen will not consider a decrease in wages for at least five years.

Professors and instructors of sixteen New York State universities and colleges have organized a union affiliated with the American Federation of Labor and have issued invitations to their colleagues to join their organization.

Coal miners lost \$42,000,000 by striking and the loss in coal production has been estimated at 35,000,000 tons.

According to the Federal Trade Information Service, an industrial revolution faces Japan as the result of the action of the International Labor Conference in reducing the hours of labor in that country from a

75-hour to a 57-hour week. Government and capitalists have taken steps to make up this loss of production by increasing modern machinery.

Approximately 8,000 immigrants arrived in New York within 48 hours on December 27.

### Overseas Trade

AN urgent appeal for American commercial and financial cooperation with Europe has been voiced by Sir George Paish, editor of the *London Statist*, who says it is becoming evident that unless the entire problem is soon dealt with in all its aspects a complete break-down of credit, of exchange, of commerce and of trade must occur.

The United States Tariff Commission reports that the United States will soon be independent not only of its former enemies, Germany and Austria, but of all other foreign countries in dyestuffs, synthetic chemicals, optic and window glass and other commodities.

The American Bankers' Association of New York has organized a national committee on European finance which will encourage and press such plans of assisting acute situations as may be deemed necessary by the committee to relieve the present trade problems.

United States capital placed in Canada in 1919 will total \$100,000,000. This is in addition to \$350,000,000 already invested by this country in the Dominion.

It will not be possible for German labor and shipping to be reorganized quickly enough to supply American agriculture with anything like the normal pre-war amount of potash for the crop of 1920, even at prices now asked, unless a most vigorous effort is directed toward the settlement of the coal question in Germany and provision is made for adequate ocean transportation.

The Division of Statistics of the Bureau of Foreign and Domestic Commerce has prepared a statement on the revival of United States trade with Belgium. According to the latest figures Belgium ranks fifth among nations of the world as a market for American exports.

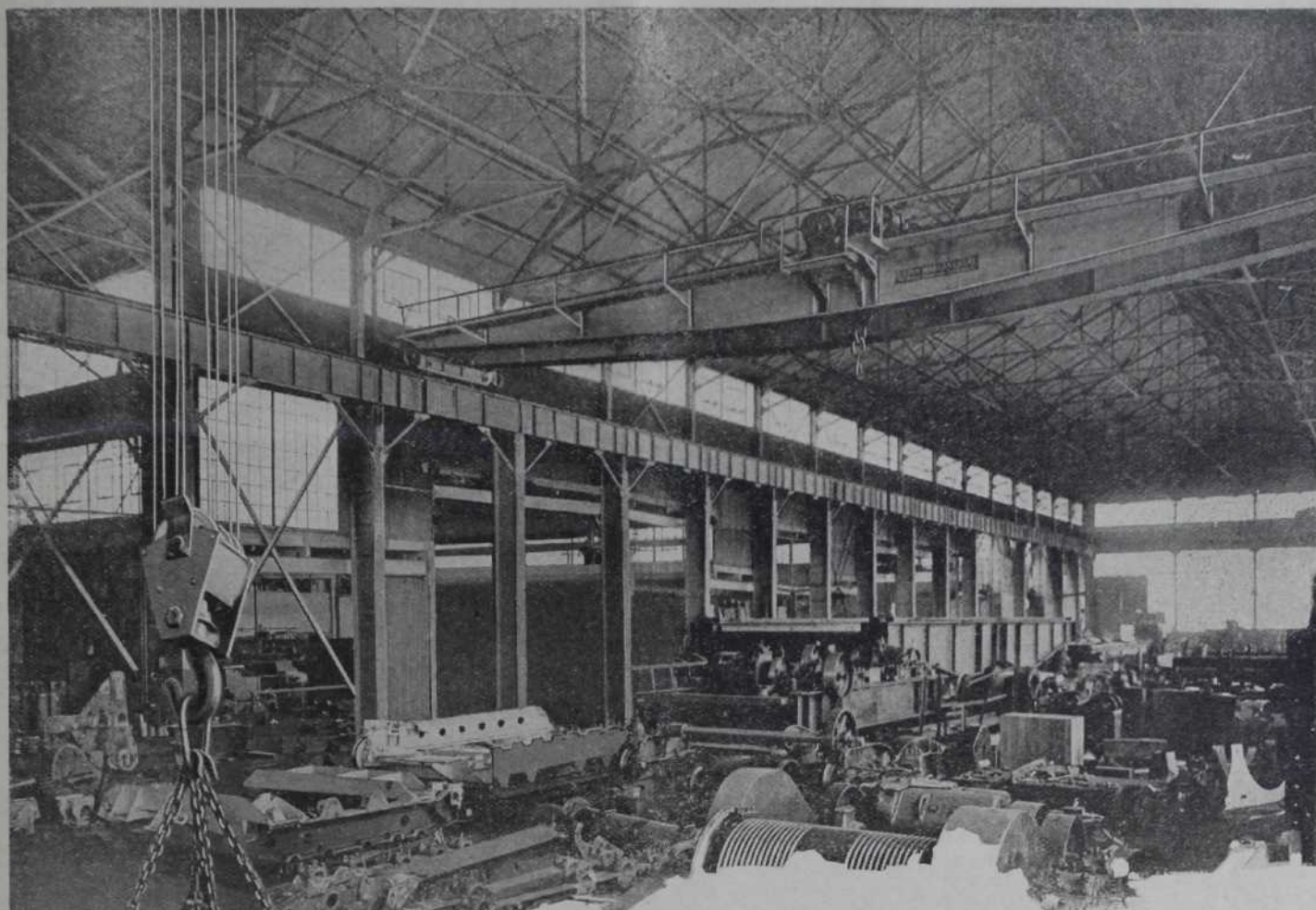
United States and Britain have resumed heavy trading with Germany since the armistice. Exports from the United States to Germany for the first ten months of 1919 totaled \$2,420,095 and imports from Germany \$4,914,787. During the same time Great Britain exported to Germany goods valued at more than \$80,000,000 and received imports from Germany valued at \$1,087,000.

Exports and imports through the Port of New York in October, 1919, totaled \$539,383,747, against \$288,478,888 in October, 1918, and \$518,895,847 in September, 1919. The export balance was \$109,870,283, compared with \$76,834,490 a year ago.

Three Swedish steamship lines to New York have been put in operation, establishing direct trade relations with the United States. The foreign trade of Sweden is now \$425,000,000 annually compared with \$750,000 in 1870. Imports to Sweden from the United States in the last 8 months have amounted to \$100,000,000.

The foreign trade of the United States for 1919 will probably exceed \$11,000,000,000, as compared with \$4,529,000,000 for 1914. Despite this gain, which is partly due to in-





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### The Effect of the War on European Neutrals

How the financial and industrial structures of the countries which did not take part in the war were affected by it.

### Banking Service for Foreign Trade

An illustrated booklet describing this company's foreign department, general banking service, and foreign trade bureau. A map of the world showing the company's direct banking facilities with all parts of the globe is also included.

### How Business With Foreign Countries is Financed

A booklet containing facsimiles of the principal forms used by this company in connection with the financing of imports and exports. Of assistance to those who wish to enter the field of foreign trade, or to extend their foreign business.

### Immediate Trade Opportunities in South America

Gives a statement of the immediate import needs of the Latin-American countries, with some plans for development which may employ American capital and machinery.

### New Railways in Foreign Countries

An outline of plans for railway extension, in progress and in prospect, based upon an extended study.

### The South American Market for Certain Electrical Material

A detailed study of the electrical requirements of each South American country and the possibility of our supplying them.

### American Motor Vehicles in Foreign Markets

Opportunities for the development of foreign markets for American passenger automobiles, motor trucks and tractors.

### American Motor Vehicles in the Argentine Market

An analysis of the possibilities for increasing the demand in this part of Latin America.

### Trading With Australasia

Trade methods of the British colonies in Australia and New Zealand, with an account of the present needs which the United States can supply.

### Trading With China

An illustrated booklet which describes in detail business methods found successful in dealing with the Chinese, and outlines the facilities offered by the Asia Banking Corporation for financing trade with the Far East.

### Shipping's Share in Foreign Trade

An illustrated booklet explaining in detail how oversea shipments are handled, methods of procedure, shipping documents, factors governing rates, the financing of foreign shipments, etc.

### American Goods and Foreign Markets

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creased prices, Great Britain still retains leadership in world trade.

Ten million dollars worth of gold coin was withdrawn recently from the Sub-Treasury for shipment to Argentina in payment for goods which will come to America.

The Director of Sales of the War Department has entered into a contract with France which permits the French Government to purchase \$25,000,000 worth of machine tools from surplus stocks of such tools held by the War Department in the United States. France is to pay in ten-year 5 per cent bonds of the French Republic, which at maturity are payable in dollars at Washington in gold coin of the United States.

Imports of coffee from Brazil, the source of 75 per cent of the commodity for the United States in 1914, dropped to 54.3 per cent in 1919. This loss was partly compensated for by increases in imports from Central America and the West Indies.

The Bureau of Foreign and Domestic Commerce reports that 1,246,869,413 pounds of sugar valued at \$96,033,653 were exported from the United States during the first ten months of 1919. The exports went largely to the United Kingdom and France, exceeding in quantity 339 per cent more than the amount shipped during the same period in 1918.

According to an announcement by the Bureau of Foreign and Domestic Commerce, the marks set by both exports and imports for November, 1919, were the second highest in the history of American foreign trade. The value of exports for November was \$741,000,000 as compared with \$632,000,000 for October, and \$522,000,000 for November of the previous year, while imports for the same month amounted to \$429,000,000, against \$402,000,000 in October of this year and \$251,000,000 in November, 1918.

Uruguay has been linked to the United States through all-American cables by the opening of a new line from Buenos Aires to Montevideo, putting New York and Montevideo in direct telegraphic communication with each other for the first time.

### Shipping

**A**CCORDING to figures made public by the National Marine League, the American merchant marine has expanded from four ships in deep-sea commerce before the war to a fleet of 9,773,000 tons in ocean service.

The United States Shipping Board has under consideration the sale of ex-German passenger ships, all classes and sizes.

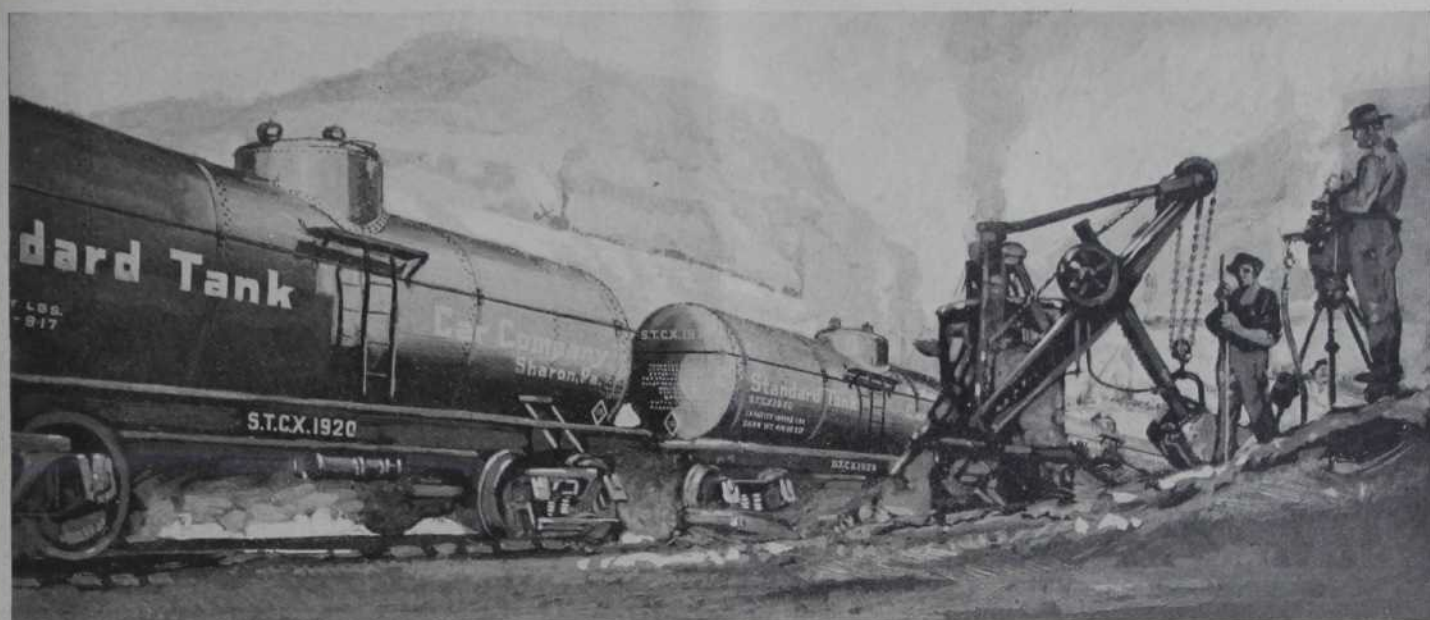
C. W. Morse, president of the United States Ship Company, suggests a Federal ship-loan act to provide capital which will enable our merchant marine to maintain the advantage given it by the war and to keep the American flag on the seas as a powerful competitor for a fair share of the world's trade.

More than 550,000 gross tons of merchant shipping, exclusive of all Government work, are now under construction in American shipyards. Of the 118 ships under construction, only one is for a foreign account.

The Canadian Government is building 60 ships, with a deadweight tonnage of 325,000.

The War Department announced in December a total of 266,000 deadweight tons of shipping under army control exclusive of the Army Transport Reserve.





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It was used in the preparation of the 1918 Returns by thousands of firms, large and small, all over the country, and its use is highly favored by Internal Revenue agents everywhere.

This simple system of schedules is a wonderful help to your accountant, attorney or book-keeper in preparing the tax return.

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1376

#### "Is It Constitutional?"

THE FEDERAL FARM LOAN ACT of 1916 and its constitutionality are now before the Supreme Court, along with a number of other important questions which have been argued before the court and await the court's conclusion. To the end of last September \$302,960,000 had been lent to farmers by the institutions operating under the Farm Loan Act.

That the Farm Loan Act would sooner or later come before the Supreme Court to have a test of its constitutionality was agreed by both friends and opponents when the legislation was before Congress, and some of the provisions were undoubtedly inserted for the purpose of adding strength to the plan, from a legal point of view. The arguments of the Department of Justice, with the former Secretary of the Treasury as special assistant to the Attorney General, are:

(1) Federal land banks were validly created as fiscal agents of the federal government; a fiscal agent may be endowed with such appropriate private powers as Congress sees fit; if there was a motive to create fiscal agents, it was immaterial if there was also a motive to assist agriculture;

(2) The power of Congress to appropriate money for the general welfare sustains the law; Congress could appropriate money directly to assist farmers, and accordingly can create corporations to provide funds for that purpose;

(3) The power of Congress over the finance and credit of the country sustains the law; having extended protection over matters relating to a uniform currency, Congress may legislate to secure uniform rates of credit throughout the country;

(4) The war power of Congress justifies the law; the power to declare war, possessed by Congress, includes the power to prepare for war, and assistance to agriculture and stimulation of agricultural production is preparation for war.

The last argument would imply a strong belief in the prescience of Congress.

These are merely the arguments advanced by the Department of Justice and now before the Supreme Court, together with arguments urged against the validity of the law. The Government's brief also devotes some space to arguments in support of the exemption from local and Federal taxation of the bonds issued under the land-bank system and of the mortgages which are held by the land banks.

#### The Strategy of Minerals

MODERN industry is more fully dependent upon minerals than upon the commodities of any other natural group. Minerals played an essential role in the war and our own minerals counted for the utmost in this crisis. No less do they play an important part in our international relations of peace time. After all, the basis of all industrial improvement in the past has been the tool made of steel.

Such recent developments as the coal situation has made mineral fuel doubly apparent as a prime necessity. Minerals enter largely into our vast systems of electrical transmission. The important of our alloy metals, and our ore reserves, the functions of copper, lead, zinc, and minor metals such as manganese, so indispensable in steel making, have only to be mentioned to suggest their importance. The United States is more richly endowed with mineral wealth than any other country and we should realize the full significance of this in regard not only to our own industrial development as a nation but to our responsibilities in conserving and developing our natural wealth as the world's trustees. A most valuable book for every manufacturer to possess on this subject is "The Strategy of Minerals," edited by George Otis Smith, Director of the United States Geological Survey, published by D. Appleton & Company.

## The Working World Wants Oil

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Know your costs. Know what your men are doing every minute of their working time. Know what is going on in your shop.

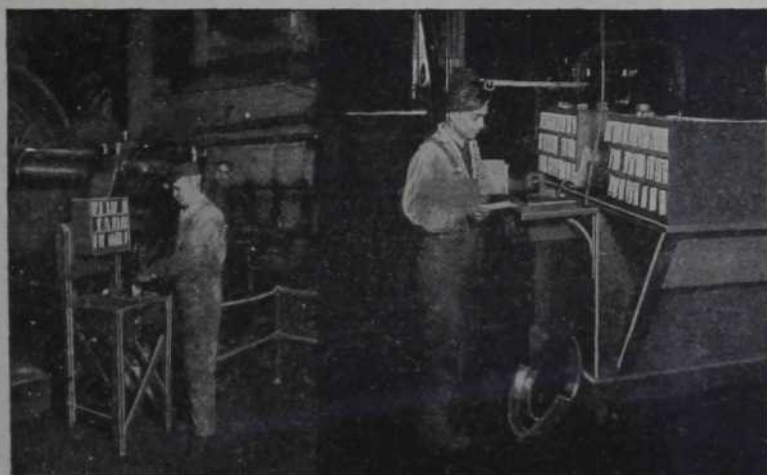
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for time recording in factories illuminates every corner of the shop and enables you to see new ways of cutting costs, increasing production and simplifying your accounting.

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Order No.	264	Operation	Drill
Pr. No.	21		
No. Pcs.			
Pcs. Started	60		
Pcs. Finished	60		
SPECIAL ORDERS			
3 MAY 254			
2 MAY 220			
1 MAY 113			
Total Pcs. 000			
Rate 113			
Labor Cost 147			
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## New Books on Business

Travelling Salesmanship, by Archer Wall Douglas, Chairman, Committee on Statistics, U. S. Chamber of Commerce. The Macmillan Company.

"Such ripened judgment, shrewd analysis and clear exposition as Mr. Douglas brings to his writing of this practical handbook on the main features of traveling salesmanship—the outgrowth of forty years close contact with traveling salesmen in one of the largest mercantile organizations in the country—makes his book a pleasure to read, even for the mere professional man. In its two aspects; as an art of persuasion and as a science of systematized direction, he handles his subject with intensely human interest. As he says, the most diverse men make good salesmen and the human equation is the most important factor. He covers every phase of the work. As to buyers—he cites: Agag, King of the Amalekites, a captive in Jerusalem, bidden to enter the Temple of Jehovah, found Samuel standing before the altar with a drawn sword. "And," says Mr. Douglas, tying up the incident to the salesman's position before a potential buyer, "the voracious chronicle naively adds, 'Agag walked delicately before Samuel'!" No executive should overlook this book for perusal by his sales manager who might well emphasize its doctrine to any sales force.

Money and Prices, by J. Laurence Laughlin, Ph. D., Emeritus Professor of Political Economy in the University of Chicago. Charles Scribner's Sons.

One of the most interesting of recent volumes discussing our monetary system, how it affects our national life and what we can and cannot do about it. The whole book is an argument against the "quantity theory" of money. Here is its gist:

"The solution of this theory is of the greatest practical import; it is as important to practical monetary action as is a theory of heat to mechanics. . . . The quantity theorists make the process of valuation between goods and "money" dependent on the actual offer of the medium of exchange and goods for each other; an increase of transactions in goods is an increased demand for money, resulting, unless the quantity of money is increased, in falling prices. It is needless to say that the facts do not warrant these statements." And Professor Laughlin marshals the facts in impressive order.

How to Figure Profits (A Comprehensive Reference Book for Business Men, Teachers and Students) by P. Roger Cleary. The P. R. Cleary Co., Ypsilanti, Mich.

All business men's success is dependent upon the ability to correctly figure profit. This book is readable, understandable, and to the point. It is written from the standpoint of the practical business man. Arithmetics have heretofore taught us to figure profit on cost. But Mr. Cleary contends this is wrong and that all successful business men figure profit on sale. This principle is new even to business men, but modern business practice demands it. One particularly interesting section of the book is devoted to one of the important questions of the day, "What Is a Reasonable Net Profit?" Part two applies the general principles discussed to manufacturing and trading businesses.

American Foreign Trade, by Charles M. Pepper, Former Foreign Trade Adviser to the Department of State. The Century Company.

A thoughtful and enlightening study of present world-trade conditions, perhaps more thorough and scholarly than the above, but equally of interest. It gives an accurate bird's-eye view of the great opportunity now before the United States. It discusses the diplomacy of commerce, British Trade policy and our own, economic alliances, our merchant marine, Russia and the Near East, South America, the Caribbean, Canada, Japan, China and the commerce of the Pacific. The final chapter, headed "The American Business Man," points to a new co-operation among business men themselves and with the Government.

Mercantile Credits and Collections, by Charles A. Meyer. The Macmillan Co.

This volume deals with mercantile credit only and the suggestions offered are based upon practical experience. The author suggests sources of information and recommends types of forms for salesmen's customer reports, giving complete examples. He discusses the correct compiling of information, the diplomacy necessary to the credit man, doubtful orders, financial statements, trade acceptances, conditional sales; in fact, all the phases of successful extension of credit and collections. Part III discusses fully the United States Bankruptcy Law, with an appendix giving the requirements of each State as to conditional sales contracts.

Business Law, by Thomas Conyngton, of the New York Bar. The Ronald Press Co., New York.

We are a law-ridden people. How is a business man to elicit certain guiding principles from the enormous unwieldy mass of law extant today? This book answers the question. It is a manual of every-day law for the man or the woman who owns property, does business, engages in affairs. The statement of the law has been in each case made plain, concise, non-technical. Sales, Negotiable Instruments, Partnership, Employment, Corporations, Bankruptcy, Arbitration—these are some of the many subjects it covers. It is easy to read and a reference book long needed by business men.

Simple Principles of Investment, by Thomas Gibson, Doubleday, Page and Co.

The writer approaches the intricate subject of investment in a new way; some of the arguments offered are in vigorous opposition to accepted theories, but well supported by logic and precedent. The matter is presented in a clear and simple form with as much avoidance of technical terms as possible. It seeks to correct incorrect ideas about fundamental principles.

### Books Received

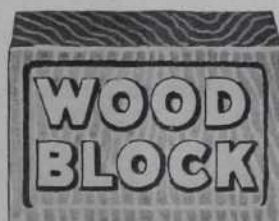
A History of Commerce, by Clive Day, Ph. D. Longmans, Green & Co.

The Shop Committee, a Handbook for Employer and Employee, by William Leavitt Stoddard. The Macmillan Company.



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## Outlast the Factory

**W**HEN industry discovered a large percentage of its overhead was being wasted underfoot, better and more permanent factory floors were demanded.

It is all the more significant and striking that *one* product should be singled out and universally adopted for this use.

Great industries such as steel and wire, automobile, glass, oil, paper and rubber, widely diversified in character, have selected Kreolite Wood Block floors because they meet every condition admirably and enduringly. Amer-

ica's leading industries bought during the past year over 16,200,000 sq. ft. of Kreolite Blocks.

Kreolite Wood Block floors bring into the factory the comforting warmth and resilience of Nature's own flooring material—without a substitute. Once laid they become a permanent part of the factory.

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*Laboratory tests of this coal show the following results:*

Moisture.....	0.70	Sulphur.....	0.62
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# Despite Hysterical Prophecies, Our People Go About Their Affairs, Creating Heavy Demands in All Lines

By ARCHER WALL DOUGLAS

IT is a fundamental principle in the inventorying and casting up of accounts of every business organization at this season not to fool one's self as to the real value of what we possess, nor of our accomplishments in the past. So thus we may more readily divine and forecast the future and its likelihoods.

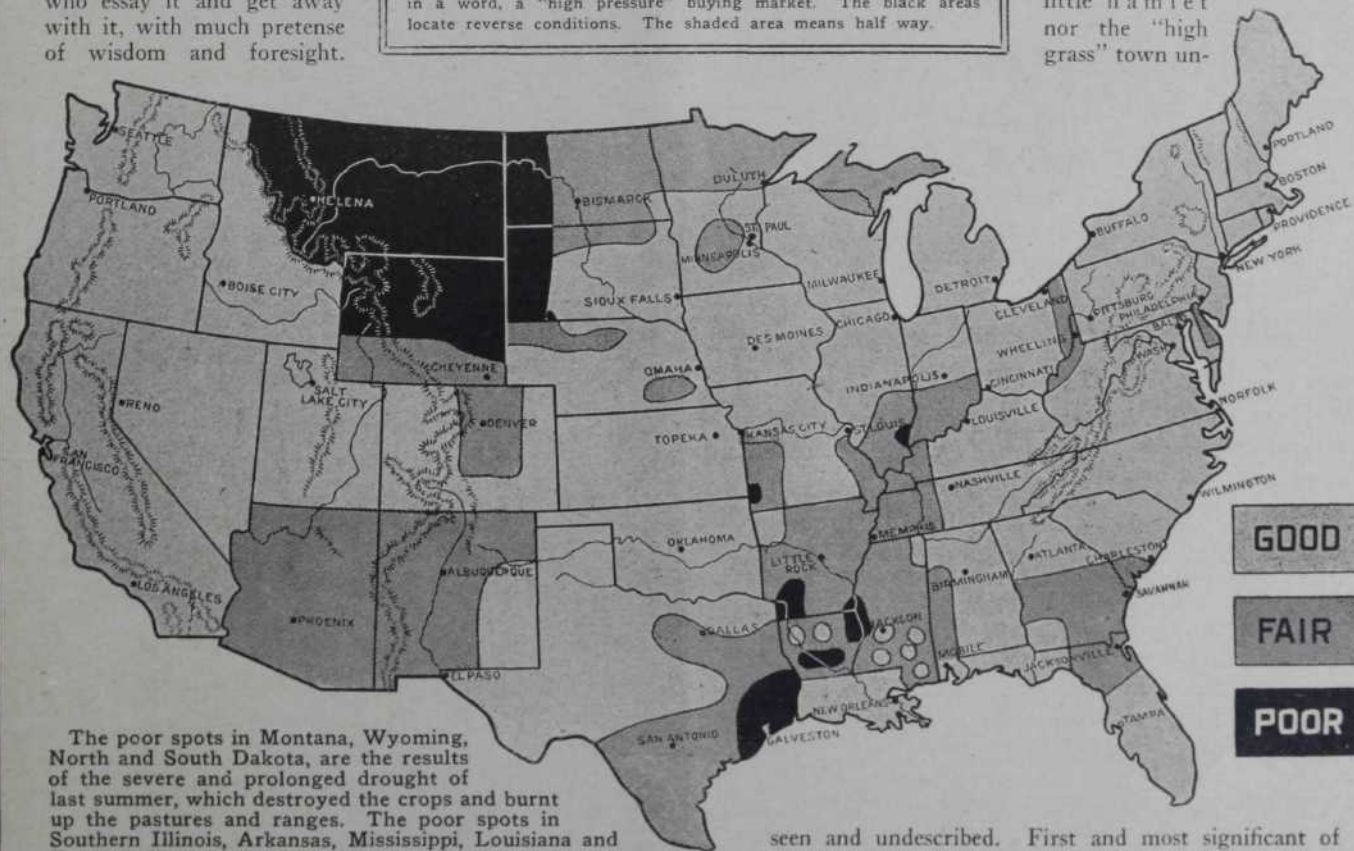
The woods are full of prophets of woe and coming disaster. It is an easy role to play, and many there be who essay it and get away with it, with much pretense of wisdom and foresight.

## Business Conditions, January 11, 1920

THE map shows at a glance the general business conditions of the country. It is prepared by Mr. Douglas as a weather map of business, and should be so read. The light areas indicate large bank deposits, promising crops, industrial activity, evidence of an economic evolution, creating new needs in home, shop, and farm—in a word, a "high pressure" buying market. The black areas locate reverse conditions. The shaded area means half way.

it. The vicious and fatal weakness of many of the surveys of the situation is their narrow view-point and entire ignorance of what lies beyond their vision.

So it is of value beyond words to have the story of things material and things psychological in this great country of ours from that great band of observers whose reports have stood the test of time, and whose microscopic observation leaves not even the little hamlet nor the "high grass" town un-



The poor spots in Montana, Wyoming, North and South Dakota, are the results of the severe and prolonged drought of last summer, which destroyed the crops and burnt up the pastures and ranges. The poor spots in Southern Illinois, Arkansas, Mississippi, Louisiana and Texas indicate serious damage to growing crops by constant rainfall throughout the summer and fall. The poor spot in Southwestern Missouri is because of the low price and small production of lead and zinc mines; this situation is rapidly changing for the better.

There has never yet been a time in the history of our civilization when the end of all things was not in sight to someone. But mostly nothing came of it, after the fashion of the motto over the great fireplace in a Pittsburgh Country Club, "I am an old man and have had many troubles, but none of them happened."

It is perfectly true that never since the days of the French Revolution has there been a time when so large a portion of humanity seemed so entirely to have lost its head and to be so hell bent on destruction. It is not a time for false optimism nor for sloppy sentimentality, but for looking facts squarely in the face and seeing what there is to be done about

seen and undescribed. First and most significant of all, the embattled farmer is much in evidence and will be more so as each day and week and month of the new year unfolds. As always he is largely and chiefly concerned about his own homestead, and is mostly employed in stocking up and rehabilitating his plant with all manner of farm implements and everything that contributes to the comfort and convenience of his family. He realizes that farm labor will be scarce for some time to come, so labor-saving machinery is becoming more and more a part of his equipment. He is laying deep foundations for the independence and prosperity of farming in future by that variety and diversity of agriculture which shall be his refuge in times of weather calamities.

While his present tide of prosperity is running full he is preparing for those days when food prices shall decline, and his income be thus curtailed. But there is firmly fixed in his mind that he must find some method of escape from a



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**M**EN of large business affairs in all parts of the world feel the need of a strong banking connection in New York City, the financial metropolis of America.

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(Our connections are worldwide and include the great established banking institutions in all large foreign centers)  
Personal Accounts, Active and Dormant  
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world-wide competition which sets the price for his products without regard to their cost of production. Either by coöperation, or association, or protecting laws, he hopes to reach this conclusion, and likewise those further methods where the elimination of useless and unnecessary costs of distribution shall make him surer and wider markets by reducing the costs of his products to the consumer without trenching upon his own returns. But beyond this is his definite, and abiding entrance into the world wide questions of the day as a constructive and conservative force. He is immune to those delusive and fantastic dreams which a bankrupt socialism still offers.

The telephones, the rural free delivery, the automobile have brought the farmer forth from the isolation and silence of his solitary farm, and he is increasingly a figure to be reckoned with in all the social, economic and political questions of the day. So far the ineradicable instincts of the property owner keep him untouched and unresponsive amid the midsummer madness of theories born of a decadent old world.

Nearly everywhere the farming community is prosperous save in some districts in the Northwest where last summer's fierce heats and long drawn out drought destroyed the growing crops. To a lesser degree this is true of some portions of the South, because of apparently endless rains which much reduced both the quantity and quality of the cotton and corn and greatly delayed their harvesting.

Practically from the 38th parallel of latitude, or that of Saint Louis, southward to the Gulf and from the western boundaries of Oklahoma and Texas to the Atlantic Ocean, unceasing rains have done great damage. This same precipitation, however, revived the great grazing ranges of the Southwest, though the herds there, depleted by winter blizzards and summer droughts, will be some time in replacing their losses. Equally is this true in the Northwestern grazing ranges. Elsewhere, throughout the country, livestock is in fine shape, though feeders complain of low prices of their stock compared with the high prices of feed. Lower prices of hogs are deterring increased pork production.

### The Bread Outlook

**W**INTER wheat acreage shows about twenty-five per cent decrease from last year, and a falling off in condition especially in some of the larger wheat growing states. Fortunately this does not indicate any necessarily serious mishaps as the plan is only in the first stages of its growth. Complaints of Hessian Fly are numerous. The by-products of farming, dairy and poultry, are assuming vast proportions in all sections both in production and as sources of revenue to the farmers. One interesting fact is that the fancy hen and the blooded milch cow are far larger producers than the animals of unknown ancestry.

The small towns on the countryside share the prosperity of the farmer, and have awakened to the new life of progress and advancement. They are keen about having their own lighting plants, often their own ice and water plants. Their stores are microcosms of the shops of the great cities. They are the constant subjects and beneficiaries of the ceaseless "Clean up and Paint Up Campaigns" which give them a new and more attractive appearance and increase their ambition and their local pride, which is the cause of their progress and advancement.





## They are up for Arson

*Which one would you sentence heaviest?*

OPINIONS would vary as to which one of these famous firebugs is the worst culprit.

But nine out of ten people would indict the oil lamp, gasoline, waste litter or matches, and overlook the insignificant little brand over at the end, seemingly guilty of nothing more than "smoking in court," but really the worst offender of the lot.

Not that the oil lamp, the gasoline and the match aren't guilty. Their toll of fire loss is well known. But actually they are small inside workers, who can never pull a big job—a community fire—without their little accomplice, the roof ember.

It is this burning fragment from another fire, this ember blown from one inflammable roof to another that is responsible for a great part

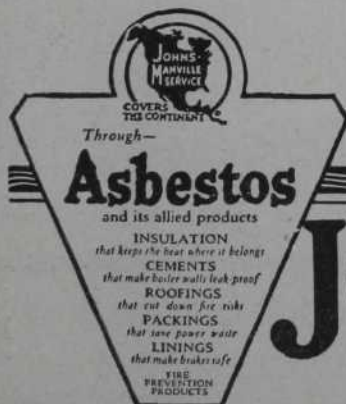
of our huge annual fire loss. And it is in protecting you from this ever present menace that the service of Johns-Manville is most vital. Buildings roofed with Johns-Manville Asbestos are themselves preserved from this danger and are prevented from menacing others.

Furthermore, in addition to fire protection, asbestos carries with it a greatly increased durability. This wonderful fibrous mineral is not only absolutely fireproof but is immune to the disintegrating effects of sun, snow, hail, ice, rain, smoke and acid fumes. It is truly the ideal roofing material. Buildings of all sorts are covered with it in some one of its several forms, such as shingles, ready roofing, built-up roofing, Corrugated asbestos. Thus Johns-Manville affords to the modern roof not only protection from fire but a very high degree of durability.

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SUBTRACTS AND ADDS.  
ANYONE CAN OPERATE IT.**

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CHICAGO - ILL.

SEND FOR CATALOGUE R-H.

While large portions of the silent, hostile deserts of the Great West, from the Mexican border to the Canadian line, are being transformed by irrigation into those oases of green fields and forests of fruit trees which in Southern California draw unceasing streams of visitors to realize the mere joy of living.

The workings of the Federal Reserve Bank has practically quieted all apprehension as to the recurrence of those financial panics of the past which brought such widespread disaster in their train. Yet there is too much undue speculation in all manner of things. There is a flood of new industrial securities, and not a few of them of a nature which would not "get by" in a state which had an efficient blue sky law. It is an unhealthy symptom, as is the great advance in the prices of farm lands in many states, and the constant increase in the cost of living. This too despite the many panaceas, and the official control which were to regulate and remedy the evil, but which of course got nowhere.

#### Automatic Cures

**E**CONOMIC evils usually remedy themselves, mostly after an unpleasant but effective fashion. So most of the wearisome talk about cures is mere vain babbling.

The material aspects of the problem, mixed and contradictory as they are, are the ones that need least concern us. The mental attitude of the people is the thing of moment, after all, and it is very confident, quite self-reliant and very sure that the end of present conditions is not yet indicated. It is rather pessimistic about Europe, because of the prevalence there of so much that is morbid and neurotic, and in many localities, brutal and devilish. It believes that Europe will have to work out its own salvation in a slow and painful way, and that it has a long and rocky road to travel. It is through with all those follies, fads and deviltries of the Old World that the war created and developed, and is very sure that they shall not obtain a foothold in this country.

This same mental attitude among the many, especially in the far flung agricultural communities and the numberless small towns and cities, is not fooling itself as to the future nor the many problems and stresses which certainly await us. For it knows full well that the price of war has to be paid in those demoralizations and upheavals which have always marked the end of every great conflict. But it believes that with some courage, endurance, and much common sense we shall finally come through with much bitter experience but still on the road to progress and advancement. It seems to view the present situation as that of the sorely distressed but resolute man battling with himself through the endless hours of the night but taking on new hope and courage as the dawn breaks—after the fashion of that great couplet of cheer, "For sorrow endureth for the night, but joy cometh in the morning."

#### Argentina's Plan

**F**REE trade in articles of prime necessity has been proposed by Argentina to other American republics as a contribution toward reform in the high cost of living. Articles of prime necessity would include cereals, wheat flour, fats and oils, dried fruit, fish, butter, salt, vegetables, and the like. According to the plan, the American republics would enter into a convention for free trade in these articles and thus facilitate supplies.



## DURAND STEEL RACKS



**STEEL** is a great space-saver; it is cleanly, fire-proof and indestructible.

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Consult with us regarding your problems, in connection with Durand Steel Racks or Lockers. Catalogue of either on application.



**Durand Steel Locker Co.**

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CHICAGO

NEW YORK

## Itching Palm of Business

(Continued from page 19)

tivity of these trades is the recognition of their work by many manufacturers to whom they sell.

Suppression of the long-prevalent practice of paying commissions to masters and crews of vessels on purchase of supplies has progressed. This practice is of long standing.

The problem of combating such an evil has been formidable because it has not been confined to any port, nor even to any country, but exists practically in all parts of the world, and ship officers recognize it as a regular perquisite, which they demand wherever they go. Furthermore, the wide variety of concerns engaged in the trade with vessels has made it difficult to effectively combine against the practice.

### Low Wages—High Graft

THE practice has been a factor in the economic phase of the American merchant marine question, accounting in very large measure for the lower wages paid to foreign ship officers, who could well afford to work for small salaries in view of their graft. It preceded their normal wages. The matter came to the attention of the Government partly through the Shipping Board and partly through the Food Administration. In the case of the former, it came up rather incidentally, in connection with the furnishing of supplies to its vessels through the Navy Department, a class of business in which the ship chandlers felt they were entitled to participate. In the case of the Food Administration, it came directly to attention in connection with the sale of supplies to vessels under Government supervision, and was taken up vigorously by E. A. Foley of the division of enforcement, who began assisting those engaged in the trade to combat the evil in other directions. As a means to this end, he recommended the organization of the ship chandlers at all ports. Two such organizations, at least, have been formed, the Association of Ship Store Dealers of the Port of New Orleans, which has for its charter members seven of the principal ship chandlery concerns of that city, and the Association of Ship Store Dealers of the North Atlantic Seaboard, which antedates that of New Orleans and covers not only the Port of New York, but all North Atlantic ports, from Portland, Me., to Norfolk, Va., inclusive.

The National Association of Purchasing Agents immediately endorsed the anti-bribery stand of the Federal Trade Commission and addressed a resolution to that body, offering its services and cooperation in the purpose outlined. It also addressed a resolution to both houses of Congress.

This association, comprising twenty-one branch organizations in as many cities, has a total membership of 2,500 industrial purchasing agents.

During the most recent session of Congress four bills were introduced, each designed to supplement existing State legislation. All of them propose to make it a Federal criminal offense to give, offer, accept or solicit bribes. The numbers of these bills are as follows: S. 54, introduced by Senator Duncan U. Fletcher, and referred to the Committee on the Judiciary; S. 1024, introduced by Senator Albert B. Cummins, and referred to the Committee on Interstate Commerce; H. R. 263, introduced by Hon.



*The Sign Millions  
Go By When  
They Go To Buy*

THROUGHOUT the United States there are thousands of progressive merchants who pay cash customers a sound discount in **S. & H. Green Stamps**.

These nationally famous tokens are endorsed by millions of frugal folk as practical money savers. Given on as small a purchase as ten cents **S. & H. Green Stamps** quickly accumulate and a book is easily filled.

Each full book has real purchasing power in anyone of hundreds of Premium Display rooms located in many sections of the country. The merchandise given in exchange for **S. & H. Green Stamps** comprises household utilities, personal needs and all-around comforts—merchandise housewives need but need not buy.

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Thetus W. Sims, and referred to the House Committee on Interstate and Foreign Commerce; and H. R. 9572, introduced by Hon. John F. Miller, and referred to the House Committee on the Merchant Marine and Fisheries. The latter is narrower in scope than any of the others, being designed for the protection of the marine trade only. A large number of prominent manufacturers and a very substantial number of trade associations have endorsed one or more of these bills, and the American Bar Association, without indicating any preference, recommend the passage of one of them. State statutes of this character have been ineffective principally because of the fact that both parties to a corrupt transaction have been made equally guilty, and thus forced into a conspiracy of silence. The Sims and Fletcher bills have attempted to avoid this difficulty by providing immunity for the first party disclosing the offense. It was hoped that this provision would operate as a deterrent, as each party would realize that he was placing himself and his liberty in the hands of the other. In preventing the commission of the offense, this provision would have served the principal purpose of all criminal law.

### Brazilian Riches

AMERICAN shipping men think we should join the European conference system of controlling ocean freight traffic. It broke down in war-time but is being established again. It might now be beneficial in connection with Brazil. Brazil fought it in 1906 with subsidized Lloyd Brasileiro steamships and carried merchandise from this country direct to her own ports but she never was able to carry her own coffee, her greatest return cargo to the United States.

Brazil has minerals. Her magnetite is a cleanser of steel, her menazite sand yields thorium for incandescent gas mantles. She is rich in hardwoods. Her jungle nuts are not only edible but could furnish raw material for the button industry and vegetable oil industry. Her tonnage of beef and beans during the war revealed enormous possibilities. Our passenger lines to Brazil and Argentina could also be improved. If we like Latin American for its climate, Latin America looks to us, no less, as a market and a winter or summer resort.

### No Pessimism Here

IN the Lancashire cotton industry in England syndicates have been buying up cotton mills at huge prices and floating new companies whose shares have been eagerly sought.

The latest sensation is a £5,000,000 deal, in which a London syndicate is reported to have purchased the business of Messrs. Horrocks, Crewdson & Company, the largest private company of cotton spinners and manufacturers in Lancashire. In the last three months, probably over 70 mills have changed hands, and fortunes made by owners who previously were men of only moderate financial standing.

The American Chamber in London says that the next 4 or 5 years are looked forward to as a period of unsurpassed prosperity. The shortage of mills and difficulties with regard to the construction and financing of new ones are considered to be responsible for the unprecedented buying of existing undertakings at such huge prices.

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- Time Controls
- Capillary Electric Contact Temperature Controls
- Laboratory Engraved Stem Thermometers
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- Vacuum Gauges
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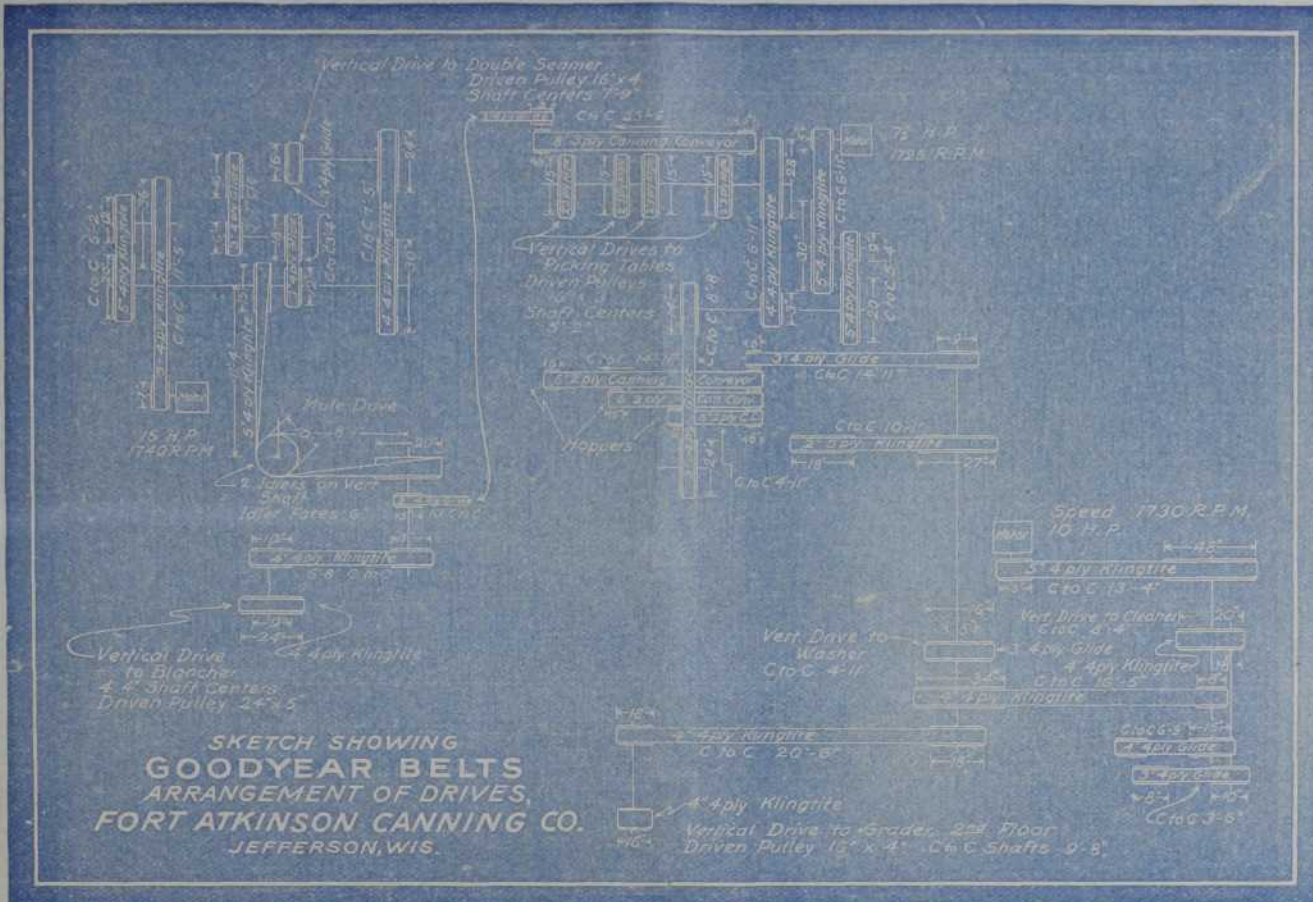


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There's a Tycos and Taylor thermometer for every purpose





## An Idea, Our Good Name—and the G.T.M.

**They had never used a Goodyear Belt.** Their experience with the belting they had in their parent plant had been generally satisfactory. But the Fort Atkinson Canning Company did know Goodyear reputation for quality—knew it by the willing testimony and the demonstrated experience of other concerns the country over who were reporting notable successes with Goodyear Belts on every kind and condition of drive.

**And the plant analysis idea** proposed by the G.T.M.—Goodyear Technical Man—struck them as the logical way to insure the right belt for every duty. They had opportunity to test the principle of it thoroughly in a study of their new plant's belting requirements. They had the G.T.M. make the study.

**So they specified 100% Goodyear equipment**—transmission belts, conveyor belts, steam hose, water hose—for their new cannery at Jefferson, Wis., all on the basis of the G. T. M.'s plant analysis, and their confidence in Goodyear products.

**The Jefferson plant is an efficient linking** of different transmissions and conveyors. No one type belt, however well adapted to one form of duty, could be depended on to fulfill with equal capacity all these varied demands. An expert analysis that insured the full effectiveness of every drive in relation to the entire unit appealed to the superintendent as the only right solution of the power problem.

**Note the belts specified** to their particular uses: for the light drives, where the conditions are small pulleys run at high speed and uniform load, Goodyear Glides; for general transmission and moderately heavy duty, Goodyear Klingtite has been used. Width, plies and type are specified to the service required. The very natures of the Goodyear Belts employed meet the peculiarities of the situation. For instance, the belt on the canning conveyor, due to its particular construction of cover, fabric and friction, insures against the action of acids encountered in the raw material it carries.

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**Both Goodyear analysis and Goodyear belts** are at your service. The G. T. M.'s expert study of a single drive or a complete plant installation is without obligation on your part. For further information about the Goodyear plan of plant analysis and the G. T. M., write to the Mechanical Goods Dept. of the Goodyear Tire & Rubber Co., Akron, Ohio.

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## Merging of Railroads

(Continued from page 9)

14. Southern Pacific System—The railroad of that name, not including Central Pacific, with seven lines it controls; Missouri, Kansas & Texas; Chicago & Alton; Kansas City Southern, and seven smaller lines.

A series of fourteen maps following this article shows the proposed systems in colors and the mileage of every line. The roads of every system are numbered, so that readers can readily trace the different lines.

## Consolidation and Regulation

THE provisions for consolidation in the pending railroad legislation will have an important and direct bearing upon the success of governmental regulation, and the application of these provisions to the future problem of transportation should therefore be carefully considered.

It is generally conceded that such regulation in the past has been rendered exceedingly difficult because of the lack of uniformity of conditions with which the railroads have been surrounded. Rules and regulations both as to rates and operation which apply with justice to some situations do not apply with fairness to others. Especially in the matter of capitalizations the lack of uniformity has tended to obscure the reasons which have contributed most largely to the success of some roads and to the failure of others. This is clearly indicated by the variety of suggestions for remedial legislation that have been made during the past year.

Success, due to superior efficiency, foresight and sound management, has been attributed frequently to the good fortune of location; and, on the other hand, failure, due to inefficiency, lack of foresight and mismanagement, has been ascribed too frequently to the misfortune of location and circumstances beyond the control of management. Many of the so-called "strong" roads would be classified as "weak" roads had they been no better financed and managed than their less prosperous neighbors, and many of the so-called "weak" roads would be considered "strong" roads had they been better and more conservatively managed.

Regulation, to be successful, must be intelligently applied, and intelligent application requires that the factors which determine success or failure be easily ascertained and understood.

One of the most important reasons, therefore, for further consolidations is to establish greater uniformity of conditions in order, as far as possible, to simplify the problems of regulation. Fewer companies, with a reasonable number similarly capitalized and operating under similar traffic conditions, in the same territory, would make it possible to determine more easily and more accurately the character of service maintained by the different companies, the efficiency with which they were being operated, and the level of rates necessary to sustain the credit of those which were well managed.

## Proposed Grouping Practical

SECTION 9 of the Cummins bill, passed by the Senate, reads:

"In the aforesaid division of the said railways into such systems, competition shall be preserved as fully as possible, and wherever practicable the existing routes and channels of trade and commerce shall be maintained. The several systems shall be so arranged that the cost of transportation as between competitive systems and as related to the value





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You can even do Long Division without looking at the machine*

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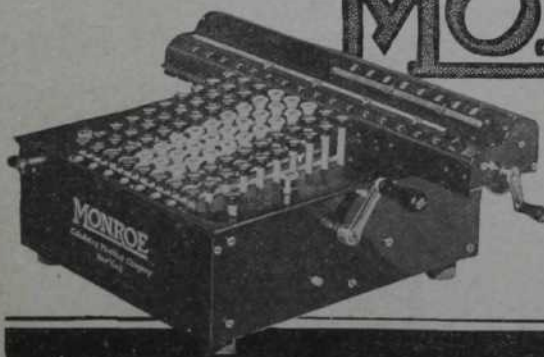
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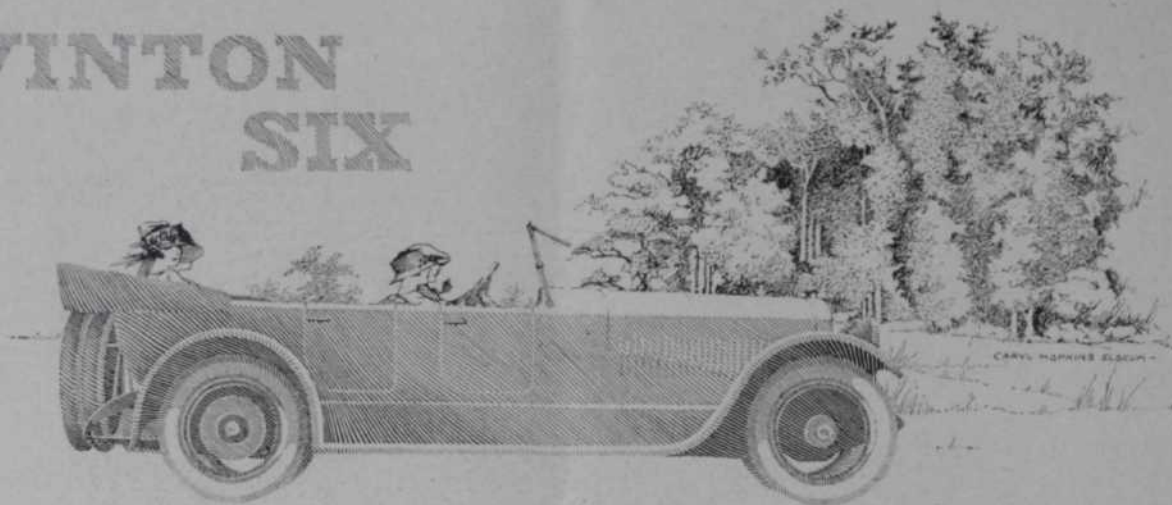
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of the properties through which the service is rendered shall be the same, so far as practicable, so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of the railway properties involved in the comparison."

Such a comprehensive plan has been considered impracticable by some on the ground that the railroads of the country could not be combined to fulfill all of the purposes described without seriously disturbing or even disrupting the present systems. This objection has been met by making very few changes in the existing relationship of ownership and control. Roads which are leased or controlled through stock ownership have been placed in the system with the road which exercises control; where there is a joint stock ownership the road is grouped with only one of the roads which is in control. "The existing routes and channels of trade and commerce" have been maintained and "competition between the large centers" has been preserved by building consolidations around the present large and, for the most part, strong systems.

Briefly described, these systems are divided into three general groups; the mileage of each group is confined as far as practicable to one of the three classification districts, the Eastern, the Southern, or the Western. There would be four systems in the Eastern district, all extending from some Atlantic seaport to Chicago and St. Louis; three systems in the Southern district, all extending from important points in the South to Cincinnati, Chicago and St. Louis; seven systems in the Western district, all extending from one or more Pacific Coast ports to Chicago, each also reaching other important cities as far East as the Mississippi River. Two of the Western systems would have southern routes, two central routes and three northern routes.

The following statement shows the gross earnings for the three years ending June 30, 1917, together with the number of miles operated and the earnings per mile:

#### *Eastern Systems*

New York Central—Average annual railway operating income, \$404,681,857; number of miles operated, 16,915; earning per mile operated, \$23,924.

Buffalo—Average annual railway operating income, \$309,509,227; number of miles operated, 14,484; earning per mile operated, \$21,368.

Pennsylvania—Average annual railway operating income, \$483,680,461; number of miles operated, 13,685; earning per mile operated, \$35,341.

Baltimore & Ohio—Average annual railway operating income, \$356,131,001; number of miles operated, 14,886; earning per mile operated, \$23,924.

#### *Southern Systems*

Coast Line-Louisville & Nashville—Average annual railway operating income, \$124,360,929; number of miles operated, 13,447; earning per mile operated, \$9,248.

Southern—Average annual railway operating income, \$127,199,019; number of miles operated, 11,585; earning per mile operated, \$10,979.

Illinois Central-Seaboard—Average annual railway operating income, \$131,100,186; number of miles operated, 12,783; earning per mile operated, \$10,255.

#### *Western Systems*

Great Northwestern—Average annual railway operating income, \$189,597,460; number of miles operated, 17,955; earning per mile operated, \$10,560.

St. Paul—Average annual railway operating

## *A level-headed business man writes a scientific book— on Labor*

which shows that if employers will manage their businesses skillfully, the labor question will settle itself. And it shows what really skilful management is.

The author is not a socialist, a theorist, nor a reactionary Bourbon. He is himself an employer—an open-minded businessman, who applies the test of profits and yet is not too matter-of-fact to apply to business the latest findings of scientists and of the laboratory. He realizes that men do not react solely to economic motives—that psychological influences have even greater effect on them.

The book—it's called "*When the Workmen Help You Manage*"—is not as you might suppose a dry-as-dust treatise. On the contrary it is most interesting—as easy to read as a novel. It is published by the Century Company.

It is by W. R. Basset who in his practice as an industrial engineer maintains the point of view of a practical business man. The methods he advocates—which are nothing more than enlightened common sense—have been developed from his experience of 18 years in more than 1500 concerns.

*Both Capital and Labor approve of his methods as can be seen from these two comments:*

#### *From a business man:*

"Employers would find themselves living in an infinitely better industrial world if they could become saturated with your view. Of all the books I have read in the past 50 years, this one belongs with hardly more than a half dozen which I place above all the rest."

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"His book is proof that through engineering, many of the findings of contemporary psychology are getting practical application in industry. Mr. Basset is able to show that most of the democratic tendencies in management pay from the standpoint of dividends. His book proves him generally to be a hard-headed, practical business man with a nose for reality."

Have your secretary order this book by mail from The McARDLE Press, 705 Third Avenue, New York City.

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**"When the Workmen Help You Manage"**

By W. R. BASSET





Louis Pasteur

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When Pasteur proved the relation of germs to infectious disease, he marked a big advance in that development of medical science which reigns today—the Idea of *Sickness Prevention*.

As a result, many plagues and epidemics that were the bane of former ages no longer terrify the world, and science has now developed an effective agent against the condition which is the first cause of over 90% of all human disease—constipation.

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# Nujol

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## For Constipation

income, \$156,603,618; number of miles operated, 15,828; earning per mile operated, \$9,894.

Northern Pacific-Burlington—Average annual railway operating income, \$200,035,741; number of miles operated, 18,308; earning per mile operated, \$10,926.

Union Pacific—Average annual railway operating income, \$132,848,579; number of miles operated, 10,764; earning per mile operated, \$12,342. Exclusive of earnings and mileage of Central Pacific.

Rock Island-Missouri Pacific—Average annual railway operating income, \$208,778,833; number of miles operated, 22,392; earning per mile operated, \$9,324.

Santa Fe-Frisco—Average annual railway operating income, \$229,470,476; number of miles operated, 21,165; earning per mile operated, \$10,842.

Southern Pacific—Average annual railway operating income, \$230,011,176; number of miles operated, 19,692; earning per mile operated, \$11,680. Includes earnings and mileage of Central Pacific.

### Consistency in the Grouping

A COMPARISON of statistics of the systems in each group shows a great similarity in the character of the traffic handled and in the results of operation, especially in the following particulars:

1. In the relation of earnings derived from passenger, freight and miscellaneous business to total operating income.

2. In the earnings per mile operated.

3. In the classification of tonnage.

4. In the ratio of operating expense, including taxes, to gross operating income, with maintenance adjusted to a common basis.

In the Eastern district the operating ratio varies from 72.1 per cent to 77 per cent, a difference of 4.9 per cent; in the Southern district from 71.2 per cent to 72.4 per cent, a difference of 1.2 per cent; in the Western district from 67.2 per cent to 72.8 per cent, a difference of 4.9 per cent.

Considered in connection with the similarity of traffic, a difference in the cost of operation amounting to less than 5 per cent of the gross operating income is important and significant, for it indicates that the rate of return on property investment would not vary more than 1 per cent, assuming that roads handling the same kind and amount of business require much the same facilities.

It may be concluded, therefore, that it is entirely practicable from an economic and business standpoint to combine the railroads of the country into systems which will fulfill the purposes contemplated by the provisions outlined in section 9 of the Cummins bill; that such a system of transportation once established would simplify the problem of rate making and overcome many other difficulties incident to regulation; that greater efficiency of operation would result and the public would be better served; that unnecessary duplication of facilities and much waste of capital would be avoided; that benefits of unified management which developed under Federal control would be more easily preserved.

With such a small difference in the cost of operation among competing companies and with the rate of return earned on capital so nearly equal, there would be no problem of disposing of the so-called excess earnings of the more prosperous roads. Most important of all, it would offer greater assurance if rates were reasonable that railroad credit generally would be established on a sounder and more satisfactory basis and that the capital necessary to meet the transportation needs of the country would be available and

## Looking Ahead to Bigger Business

THE next five years in the United States promise to be the most prosperous and successful of any like period in our history.

Corporations engaged in the manufacture of the necessities of life should be strongly financed to take advantage of the great opportunity that fundamental conditions have created at home and abroad.

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obtainable on terms which would represent the least cost to the public.

Such consolidations would fail in their purposes if, in the process of bringing them about, the credit of the stronger roads were to be depreciated and brought more nearly to the level of the weaker roads. Consolidations should, therefore, be made largely on the basis of values determined by demonstrated earning capacity with such adjustment of capitalization on the part of the weak roads, both in form and amount, as might be necessary to establish the right relationship between the capitalization of the strong and weak roads entering proposed consolidations.

Consolidations are bound to be an important factor in any satisfactory solution of the railroad problem. Whether Congress makes them voluntary or compulsory, a comprehensive plan should be made which should have for its purpose the development of a system of transportation best suited to the needs of the country considered as a whole, and the various consolidations from time to time among individual companies should be approved only when in harmony with the general plan.

## Our Machinery—and Europe

ACCORDING to John Fiske Little, importer and exporter of New York, there is a great demand in France, England and Belgium for textile machinery. Mr. Little is the foreign sales representative of large manufacturing interests in this country and has kept in close touch with developments abroad. He states that the factories in Lyons and Grenoble are working day and night; that they are five years behind in their production; that their machinery is old fashioned and that it is up to American Manufacturers of machinery to replace this old equipment within the shortest time possible. This, Mr. Little says, is being begun and the shipments to Europe of textile machinery within the next few years will be exceedingly heavy. He predicts that France will be back where she was in the next twelve months, but that to bring about this result the active coöperation of exporters in this country in the way of expediting shipments of machinery, etc., must be certain. All kinds of machinery are needed in Europe, including knitting, hosiery, underwear, cotton goods, shoe-making, and wood-making machinery. It is also argued that Congress should pass a law enacting a heavy duty on German-made machinery as a means of protecting American manufacturers.

## Detroit Please Notice!

SMALL scale production and lack of standardization and unity were illustrated by Britain's recent automobile show. Though not an index to the present condition of the British motor industry a promise for 1920 was held out of at best no more than 150,000 cars.

On the eve of the show, the prices of some cars were advanced anywhere from 30 to 50 per cent and buyers were cheerfully informed that they might either accept the new figure or cancel their booking. Practically all of them accepted the new figure, glad to be getting anything. That alone, the American Chamber in London points out, is sufficient intimation of the abnormal situation. Here is a tremendous market "going begging." People who have never had so much money are willing to pay any price.



# Deflating Our Ideas

Europe and America are engaged in recklessly spending easily earned money; the first step toward sound conditions is to clear the world balance sheet of fictitious assets

By PAUL M. WARBURG

WHILE to some extent the present labor unrest is 'psychological' and in certain aspects, as far as it disregards the public interest, may be considered destructive and immoral, there cannot be any doubt that as long as the rise in prices continues labor will have to fight for and be entitled to increased wages. On the other hand, it is obvious that a higher scale of wages is in itself a factor making for a further increase in prices. This unfortunate reaction cannot be avoided until the prime driving force has been eliminated, which is the persistent depreciation of capital by the continuous issue of Government securities and currency for the purpose of covering deficiencies caused by excess current expenditures.

Prolonged disregard of sound economic principles will wreck business enterprise as well as governments. To issue Government obligations or currency for the purpose of paying idling men, or for providing below cost such things as transportation or food or for covering extravagant military or other expenditures is an insane business practice that sooner or later must lead to ruin or bankruptcy every country indulging in such methods. As far as expenditures cannot be reduced receipts from taxation must be increased.

It is easier for the United States to place its budget on a sound basis than for any other of the leading Powers involved in the war. Our responsibility in this respect is a heavy one and demands not only that we establish model conditions for ourselves, but also that we insist that sound principles be adopted by countries requiring our financial support. Unless we work toward this end the increase of prices cannot be arrested and, moreover we would be acquiring the obligation of debtors headed for insolvency. Our responsibility goes even further than that. Of all the lending countries we are the only one that, for the time being, has an open gold market, where the relation between gold on the one hand and goods and services on the other can establish itself on a fairly natural basis. No other country will play as decisive a role in determining the future price level.

## The Futility of Tinkering

A GREAT deal is being said about the necessity of stabilizing foreign exchange. To my mind it is futile to attempt to tinker with this problem of stabilizing the level of these various foreign reservoirs and to establish their definite relations to one another and to the dollar, which will be the pivot of all, until the leaks have been stopped, and that is not possible so long as the Government printing presses work overtime manufacturing new money and Government obligations. When once this baneful process is arrested, discount rates may again become powerful influences in bringing about deflation. Until budgets are properly balanced discount rates, however, are powerless in this respect.

While the proper balancing of the budgets must, therefore, be the first step, without

which the world cannot rid itself of its present predicament, this measure, in order to bring relief, must be accompanied by others. Everybody knows that in order to prevent a further rising of prices it is necessary that production be increased and consumption be decreased. The necessity of such a course has been forcefully urged by many, it is conceded by all—and practised by nobody.

In Europe and in the United States there never was a greater recklessness in spending money than there has been prevailing since the conclusion of the armistice. The ease with which a larger amount of depreciated money can be earned has diminished the respect for money and the eagerness to save. A willingness to subordinate or sacrifice one's wishes and pleasures to the greater advantage of the country, splendidly manifested

during the years of the war, has ended in the present reaction—of an orgy of brazen self-indulgence at the very moment when the war bill is presented for payment.

The first thing to be done is—as a prominent British financier put it—'to deflate our ideas.' The world lives in a fool's paradise based upon fictitious wealth, rash promises and mad illusions. The disease is world wide, it is spread too far to enable us to deal with it as a whole. We may agree on the principles on which it must be fought, but each country will have to be treated in accordance with its own particular conditions. The first step, however, is to prick the bubbles of false premises and to begin by clearing the world balance sheet of fictitious assets as far and as fast as we can.

## The Simple Old Farmer

IN the face of tractors, automobiles and state agricultural colleges, we persist in accepting the comic supplement portrait of the American farmer. To many of us he still is an unkempt person who tucks his trousers into the tops of his boots, wears a straw in his mouth and takes his styles in whiskers from the male goat.

Our great U. S. Government sometimes nods, as witness the document sent out by the Treasury Department in the form of copy "For farm papers and for distribution by Government Savings Directors."

If the author had ever bought a horse from one of the simple rustics he addresses, it is an open question as to whether he would look upon the farmer as having the mentality of a child of five. The homily is handled in a painfully simple style somewhat after the manner of the Rollo Books. He is careful to illustrate his morals by the actions of birds and animals with which the farmer is thoroughly fa-mil-iar:

"See that little fellow," said the Professor, pointing to a sparrow on top of the horse-rack. The bird was tugging at a long hair caught there from Betsy's tail.

"Thrifty little builder, eh?" answered Farmer Hills. The Farmer and the Professor were smoking the usual after-dinner pipe under the big elm.

"She certainly works out a fine interior finish with that hair," the Professor agreed. "I am wondering about her thrift."

Farmer Hills didn't answer but continued smoking his pipe.

Any bird or squirrel that may happen across the first sentences are apt to get the idea that the piece is going to be complimentary to them. If so, they are doomed to disappointment. Later on it develops into a scathing denunciation of the economical systems of these animals. To continue:

"That's true as far as they go," again agreed

the Professor. "That sparrow over there will work just as hard to build a nest next year. If he were really thrifty he would put a rain-proof roof over his nest, and next year he would be building houses to rent. But he never gets ahead; he will be doing the same thing a hundred years from now."

"And the squirrel?" asked Farmer Hills.

"Same with him," said the Professor; "works all the summer putting away more than he needs. The nuts rot, and he starts all over again next summer. If we had copied the squirrel, we'd still be cave dwellers."

"But I raise a wheat crop every summer." For Farmer Hills was not entirely convinced yet "What do you do with it?"

Evidently the writer has not been on a farm recently. For the rustic's answer implies that on this farm there is some sort of milling machinery with which the grower of wheat produces his own flour:

"Do with it!" repeated Farmer Hills. "I grind up a year's supply of flour, put away enough to sow again, and sell the rest."

"And what becomes of the money?"

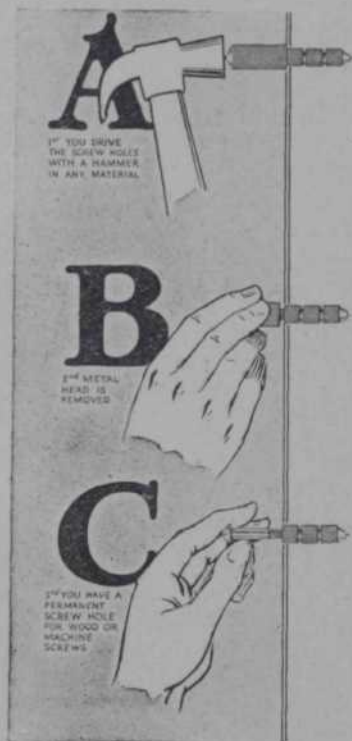
Farmer Hills began, "Some of my wheat money runs the family, some of it is put by for up-keep and new machinery, and a good bit always goes into safe investments for Ma and me. For two years I have put it in Liberty Bonds and Savings Stamps. I figure that Ma and I will be ready to turn the farm over to son in five years and take that trip around the world."

"Not a bit like the squirrel," and the Professor was chuckling. "You keep going on and he keeps going around. Thrift is a deliberate thing. It marks out the real difference between human beings and animals. People progress and animals stand still. It takes genuine human thrift to go on."

Which should put in their proper places any squirrels that have been going around bragging about their thrift and foresight.



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## What's What in Transportation

BY the greatest possible effort the Government succeeded in coaxing and forcing 100,000 freight cars out of the factories in 1919; none in 1918. That was the extent of the freight car construction in the two-year period stated, although the number of new cars needed was variously estimated at from 250,000 to half a million.

The Director General's report shows that there were 2,400,000 freight cars in use when the Government took charge of the lines. With the 100,000 cars built in 1919, the railroads of the country started the year 1920 with 2,500,000 freight cars, counting wobbles and all.

For a number of years prior to Government operation the railroads of the country had been building approximately 175,000 freight cars annually, and scrapping 100,000 cars, a net annual gain of 75,000. The record of scrapped cars during Government control is not available. If 100,000 cars were scrapped each year, and only 100,000 cars were constructed in the two years of federal control, the total number of cars in shape for use in January 1, 1920, was 2,300,000, or 100,000 cars less than the number in use January 1, 1918.

### Not Enough Cars

THE car situation is about as serious as it possibly could be. No orders have been placed for 1920 construction; none will be placed by the Government, and it is not likely that any will be placed by the corporations until the lines actually are returned to them for operation. It would require a high grade of optimism to prompt one to guess that 100,000 freight cars could be constructed in time for use next fall, even if orders were placed in the spring, considering the demand for other kinds of construction work, and the condition of the market on which materials must be purchased.

On January 1, 1917, there were 64,750 locomotives in the United States. The Railroad Administration ordered 1,430, which have been built, in addition to the completion of the 2,100 locomotives under construction when the Government took the lines, bringing the total to 68,280. From this number should be deducted about 5,000, which have been scrapped, leaving in use January 1, 1920, approximately 62,000 locomotives. The need is variously estimated at from 75,000 to 100,000.

As a result of standardization the locomotive and car building corporations have been enabled to increase their output by at least 30 per cent. This will help some, when the contracts are let and the material purchased for construction. In all, 1,297 items entering into the construction of the railroad equipment have been standardized, and this has reduced the quantity and consequently the cost of supply necessarily carried in stock at various terminals for repair work.

It seems to be the purpose of most of the statesmen who are endeavoring to frame railroad legislation to bring about such a restoration of railroad credit that it will be as easy to obtain funds for railroad extension as it is to obtain funds for other industries. There seems to be no difficulty whatever in getting all the money one wants for the movies, or for a gold mine, or for an oil well, or for most any kind of an industry, except the rail-

roads. Within the recollection of young men railroad securities were about the best on the market. They had a ready sale, and whenever there was need of a railroad, and often when there was no need, bonds and stocks could be sold without difficulty. Now, a railroad is about the last thing in which capital seeks investment. Statesmen would restore this lost railroad credit.

C. A. Prouty, Director of Valuation of the Interstate Commerce Commission, and also Director of Accounting for the Railroad Administration, recently said: "Capital will seek investment in this field for exactly the same reason that it will in any other field: upon the expectation of making a profit out of the investment. It is not necessary that the return should be large; but it is necessary that it should be certain; that the people who put their money into this form of investment shall feel confident of fair and honest treatment."

The reservation of seats in dining cars, by means of tickets distributed to passengers before the beginning of the meals, has now been the regular practice on Congressional Limited trains of the Pennsylvania Railroad for a whole year; and the officers of the road express decided satisfaction with the plan, though they do not as yet recommend it for trains which make stops during or near meal times.

The Barge Canal, New York State's \$150,000,000 contribution to the country's transportation system, is now completed. Four different branch waterways linked together make the Barge Canal which covers a distance of 532 miles from the Hudson river to the Great Lakes. Its capacity is 10,000,000 tons of freight a year. Fifty-five terminals are provided for, forty already having been built. There now are 76 modern steel and 24 concrete barges besides some 200 old boats and a few steamers in operation on the canal.

The National Inland Waterways Association, which has for its purpose the formation of a continuous system of waterways from the Mississippi river to the Atlantic ocean and from Canada to the Gulf of Mexico, has come out squarely for the Campbell Waterways bill. This measure calls for an appropriation of \$500,000,000 to be spent in five years—a hundred million a year—on inland waterways. John W. Block, Pittsburgh, Pa., is president of the Association.

A plan has been adopted for converting the section of the New York subway between Forty-second street and Times Square into a moving platform. It is proposed to provide four moving platforms. The nearest will run at walking speed, the second at six miles per hour, the third at 9 miles per hour, and the furthest at 12 miles per hour. The last will be 5 feet, 10 inches wide and have seats, each to hold three persons. The other platforms will be 2 feet wide.

### An Announcement

AN index to the twelve numbers of THE NATION'S BUSINESS for 1919 has been compiled and will be sent free upon request to any of our readers who may be interested in completing their files. Articles, stories and regular features have been listed according to subject, giving the reader a complete picture of the part played by American business in the first year of reconstruction.



# Every Thirty Minutes---

You pay every \$2,000 a year clerk in your employ 41 cents—every \$3,000 a year man 63 cents—every \$25,000 a year man \$5.20!



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### Not Theory—Facts!

The saving is not a theory. It has been figured out in actual dollars and cents.

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So if your \$2,000.00 clerk spends *only* 30 minutes of each day going from one department to another for information—it amounts to \$123.00 a year. And if the \$25,000.00 man loses just 30 minutes of his time waiting for messengers or inside telephone calls, it amounts to \$1,560.00 a year.

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## *What the small packers say about meat competition*

During a recent hearing, a number of the smaller packers were asked for their opinions of competition in the meat industry.

The following quotations, we believe, are typical of the feeling throughout the entire meat packing industry.

Michael Ryan, President of the Cincinnati Abattoir Company, said: "I have been a competitor of the large packers for the last 40 years, and I have never found a disposition on their part to crush competition. . . . They have concealed nothing nor attempted any unfair practices."

T. Davis Hill, Vice - President Corkran, Hill & Company, Incorporated, Baltimore, asserted that: "The big packers cannot control the market for the reason that there are too many outside packers. . . . Some days the small packers make the market for the big packers. We have no fear of the big packers' competition. . . . The large packers have never tried to undersell us or drive us out of business."

G. H. Nuckolls, President of the Nuckolls Packing Company, Pueblo, Colorado, said: "So far

as profits go, my company has made a larger percentage on its turnover than any of the so-called Big Five."

J. C. Dold, President of the Jacob Dold Packing Company, Buffalo, New York, testified: "I recall no instances where we were ever hampered by any packer in the control of any stock or in the purchase of our supplies at competitive market prices."

John J. Felin, President John J. Felin Company, Packers, Philadelphia, Pa.: "I have known all the packers for years and have never seen any unfair dealings on their part. I know of no methods that have been adopted by any of them that were unjust, unfair or monopolistic."

There is probably no business in America more keenly competitive than the packing industry, and none that serves the public on a smaller margin of profit.

Swift & Company's profits during the first eight months of our present fiscal year have averaged two-fifths of a cent on each pound of meat and all other products sold.

## Swift & Company, U. S. A.

*Founded 1868*

A nation-wide organization owned by more than 30,000 shareholders





## A New Flag—and Market

By T. MIROSLAV MAK

AN extended survey of American business systems will be made by an economic mission of the Kingdom of the Serbs, Croats and Slovenes during the month of February. The mission will also negotiate a loan for the purpose of restoration of the railway and water transportation of the entire area of Yugoslavia, the colloquial name of the new state.

The basis of the proposed loan will not be the barren credit of a war-torn nation but the substantial existing systems of transport piercing from end to end a civilized nation of 13,000,000 people. The Yugoslavs recognize that in entering the credit market of the world they are compelled to face the strongest sort of competition and with this end in view the delegates will arrive armed with data framed to demonstrate that Yugoslavia is neither a pauper nor a bankrupt but a healthy and vigorous nation which has been able to withstand the severest tests that could possibly be applied, not alone in the recent war, but for fourteen centuries before.

The position of Yugoslavia is one of the most important in Europe if not in the world. It is at a junction point of the most essential commercial routes between the Orient and Western Europe. It is the gateway to Asia Minor, the Caucasus, Armenia and Southern Russia directly on the line of principal travel between Paris, Constantinople and Asia.

The wealth of the country is estimated at \$10,000,000,000 and the earnings therefrom at \$1,500,000,000. This wealth consists principally of agriculture, forests, mining and livestock. Agriculture is the most important of the country's developed resources. The total area of cultivated lands reaches 28,000,000 acres. The annual product of grain consisting of wheat, rye, oats and Indian corn amounts to more than 150,000,000 bushels. In addition to this there is an annual production of 35,000,000 bushels of potatoes, 300,000 tons of prunes and a large quantity of wine, hemp, tobacco and opium. The total number of livestock, including mules, horses, pigs, sheep and goats amounts to 25,000,000 head.

The present predicament of Yugoslavia is that of all agricultural nations of Europe at the present moment. She has grain, meat, timber, and ores—all the raw materials necessary to her well being and prosperity but she lacks the trimmings. She wants calicos and shoe buttons, tractors and monkey wrenches, rails and locomotives. For various reasons of state she prefers these things stamped with an American trade-mark. Like every other country in Europe she needs both the goods and the credit and she pledges the products of her forests, her wheat fields and her mines in return.

It is recognized that Yugoslavia enters the community of free nations with slender supply of actual money. But with resources of the sort described, with the earnest purpose of a patriotic and intensely nationalist government, her credit problem should not prove a difficult one. With a natural balance of trade always in her favor the rehabilitation of the industries and their progress to a state of advancement as high as that of any other nation in Europe is assured. Yugoslavia is today a new land of opportunity, where a welcome to the trade of the world is ready and where the chance for honest and fair exploitation is brighter today than in any other quarter of the Eastern Hemisphere.

## What Determines the Real Value of Your Home Building Investment?

**M**OST people admit that Face Brick is the most beautiful material for a home, that it is the most enduring, the safest from fire. But because they believe it is "too expensive" they use a cheaper material.

The average builder puts too much emphasis on the original cost of a home. He doesn't stop to think about depreciation, upkeep, repairs, fuel bills and fire insurance rates. Yet these are the factors that really determine the permanent value of his investment.

You will find these matters fully discussed in "*The Story of Brick*," an artistic booklet with attractive illustrations and useful information for all who intend to build.

An interesting feature of the booklet is a survey covering a period of years, showing the percentage of difference in cost of various types of house construction.

You will probably be surprised to learn what a small difference in cost there is today between a Face Brick house and one of less durable, less beautiful materials.

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# Reconstruction's Billions

The ambitious American dollar mounts higher and higher, while beneath worried governments scurry about trying to save it from the many dangers of the rare altitudes

INTERNATIONAL FINANCE has its problems, as every one knows, but their size may prove startling. On December 18, immediately before sailing for the United States, a British financier who on earlier occasions has represented his government declared that during the next few years new credit amounting to \$20,000,000,000 will be required to restore Europe's productive power and in the interim keep its peoples going, and that \$15,000,000,000 in existing credits will have to be funded.

According to this commentator, governmental control of exchange was lifted last spring in expectation that automatic adjustments of trade balances would follow—that in countries with depreciated currency production would be stimulated and that expansion of exports and limitation of imports would bring about an equilibrium. Parenthetically, it may be observed that British policy has been based upon this idea. But expectations, he says, have not been realized. Europe is today no nearer to paying its way than it was last spring. Coöperation of all nations—entente, enemy, and neutral, not only in Europe but throughout the world—is apparently the suggestion the financier has now in person brought to the United States.

## The King Said So Too

WITHIN a week after this British financier had made his statement, members of the British cabinet had referred to similar ideas, and the highly official document known as the King's Speech from the throne, and used in proroguing Parliament from the fourth week in December until February, reiterated the principle of international financial effort.

About the time the financier stepped upon our shores, one of our papers which is not particularly pro-British started a story that England wanted our billions, down to the last penny we had in our jeans, to lend to continental Europe. Thereupon, every one seems to have looked for a stone to shy at the gentleman who had come across the sea. Our officials gave weighty interviews, in which

they obviously frowned in his direction. The British Treasury seized the cable and entered sweeping denials, ending up with disowning any connection with him. The press associations, too, got on the cable with stories in which they belittled the man, and intimated strongly that he was usually twiddling with inconsequential things. All told, there was a deal of vehemence and excitement, for which a casual observer might not be able to discern all the reasons.

In the midst of a rather noisy situation, the War Finance Corporation announced that it had set to work the powers Congress gave it last spring—to promote commerce with foreign nations by extending to our exporters credits to a possible aggregate of \$1,000,000,000. On January 3, 1920, the corporation announced that it had practically concluded a loan of \$5,000,000 to an American company which builds locomotives and wanted to finance shipments to Poland, which could buy only on credit, and a loan of \$5,000,000 to assist in exporting agricultural machinery to England, France and Belgium. At the same time it indicated that it would probably make an advance of \$5,000,000 to facilitate export of electrical machinery in paying for which the foreign buyers need time, and a fourth advance of \$2,000,000 to a bank for the purpose of assisting in its financing of export of machinery for reconstruction of steel mills in France.

As a matter of fact, the War Finance Corporation has since September had a competitor in England. An official Export Credit Department was established there, in September, and it was given £26,000,000 with which to make advances in connection with exports to parts of the world where conditions are uncertain. Besides, the British Government grants war-risk insurance against goods going into hazardous parts of eastern Europe.

By the end of November, the British agency had actually sanctioned advances of £69,000, and approved tentative applications for £978,000. The biggest individual advance then made was £45,000. The goods in the

shipments included iron and steel articles, hardware, cotton piece goods, cotton yarns, haberdashery, rope, and tin plate. The shipments were to Finland, Czecho-Slovakia, and friendly portions of Russia.

## Bread on the Legal Waters

A FREE-BREAD CAMPAIGN has nothing to do with a bread line. In fact, it is alleged by the Federal Trade Commission to have no similarity to an eleemosynary institution or the general practice of philanthropy, but to be an unlawful device for the suppression of competition.

A baking company is contrary-minded, and has appealed to the Federal courts to say that it does not engage in unfair competition when it presents to each dealer a loaf of bread with each loaf the dealer buys, instructing him to pass along the free loaf to the housewife who pays down her money for the first one. The Commission has countered by filing a brief in which it takes the stand that the plan amounted to sale of goods at less than the cost of production and that this, when carried out for the purpose of driving out competition, is an unfair and illegal method.

Entertainment of customers' representatives is likewise to receive the attention of the Federal courts. The Trade Commission found that a company was "lavishly giving gratuities, such as liquor, cigars, meals, theatre tickets, and entertainment," for the purpose of getting special consideration for its products. It seems that the president of the company, upon learning that the yearly expenses for entertainment of customers' buyers had reached 4.7 per cent of net sales, had notified his assistants that they would have to cut this item of expense of produce more business, but that the habit of mind remained strong with some of his assistants, who would still "go the limit" in providing entertainment. One assistant, however, showed real powers of economy; he could entertain a chief engineer at dinner and take him to the theatre, in New York City, at a total cost of \$10.

WHEN the new year opened, exchange was more unfavorable to European countries than during the early part of December. Dollars are dear to the European buyer seeking

merchandise from the United States, and conversely foreign moneys are cheap to the American purchasing goods in Europe. What the dollar cost abroad during the past is shown below:

	July 1913	July 1914	July 1915	July 1916	July 1917	July 1918	Jan. 1919	May 1919	July 1919	Sept. 1919	Oct. 1919	Nov. 1919	Dec. 1919	Jan. 6 1920
England	\$0.998	\$0.997	\$1.019	\$1.021	\$1.021	\$1.021	\$1.021	\$1.021	\$1.059	\$1.160	\$1.160	\$1.167	\$1.215	\$1.283
France	1.000	.995	1.094	1.139	1.109	1.099	1.052	1.169	1.248	1.571	1.650	1.700	1.897	2.098
Belgium	1.006	1.001						1.223	1.289	1.605	1.644	1.605	1.814	2.094
Italy	1.024	.996	1.187	1.229	1.395	1.698	1.225	1.439	1.534	1.864	1.876	2.084	2.379	2.567
Switzerland	1.001	.996	1.039	1.031	.922	.764	.932	.951	1.041	1.090	1.077	1.077	1.057	1.075
Spain	1.076	1.075	.965	.955	.834	.696	.959	.947	.973	1.009	1.007	.998	.975	1.002
Denmark	1.002	.999	1.017	.924	.926	.859	.993	1.072	1.136	1.239	1.239	1.255	1.330	1.441
Norway			1.001	.919	.919	.846	.958	1.038	1.072	1.165	1.155	1.178	1.246	1.326
Sweden			1.001	.918	.884	.755	.916	1.002	1.041	1.100	1.094	1.121	1.196	1.249
Holland	1.002	.999	1.005	.968	.974	.796	.941	.995	1.031	1.079	1.068	1.057	1.054	1.068
Germany	1.000	1.000	1.159	1.304						5.471	5.447	7.329	10.136	11.666
Japan	.999	.999	1.009	.987	.972	.940	.952	.968	.977	.987	.984	.984	.989	.992



### What Did the War Cost You?

NATIONAL debts due to the war have been officially figured in England. In order that the statistics may be stated on a comparable basis and show something of the relative war efforts made in different countries, the increase of national debt during the war has been stated in terms of population—i. e., per capita. On this basis the figures are:

United Kingdom .....	\$786
Germany .....	641
France .....	571
Austria Hungary .....	445
Belgium .....	372
Italy .....	165
United States .....	276
Serbia .....	131
Roumania .....	96
Japan .....	4

It cost some countries pretty heavily to keep out of war. The percapita increase in debt during the war was:

Switzerland .....	\$60
Holland .....	51
Denmark .....	25
Sweden .....	17
Norway .....	10

The same officials have made some calculations respecting the increase in currency and the increase in food prices, taking 100 as the figure in each case for 1913. The results are:

	Currency August, 1919	Food Prices August, 1919
Italy .....	440	281
France .....	365	293
Norway .....	305	271
Sweden .....	275	336
Holland .....	270	203
United Kingdom .....	244	217
Denmark .....	240	212
Switzerland .....	230	250
United States .....	173	181

The United States has apparently got off most easily, both in increase of currency and in change of food prices.

War costs, according to a study made for the Carnegie Foundation for International Peace, in the period 1914-1918 mount up to an aggregate of \$337,946,000,000, when both direct and indirect costs are included for both belligerent and neutral countries.

The net direct costs reach \$186,333,000,000, and are apportioned as follows:

Germany .....	\$37,775,000,000
Great Britain .....	35,334,000,000
Rest of British Empire .....	4,493,000,000
France .....	24,312,000,000
United States .....	22,625,000,000
Russia .....	22,593,000,000
Austria Hungary .....	20,622,000,000
Italy .....	12,413,000,000
Other Entente Allies .....	3,963,000,000
Turkey and Bulgaria .....	2,245,000,000

Indirect costs include the capitalized value of human life for the 9,998,000 known dead and the 2,991,000 presumed dead, capitalized value of human life for an equal number of civilians, property loss on land and sea, loss of production on account of men called to the colors, war relief, and losses to neutrals. The estimates by items are:

Capitalized value of human life:	
Soldiers .....	\$33,551,000,000
Civilians .....	33,551,000,000
Property loss:	
On land .....	29,060,000,000
Shipping and Cargo .....	6,800,000,000
Loss of production .....	45,000,000,000
War relief .....	1,000,000,000
Loss to neutrals .....	1,750,000,000

By countries the estimates of loss on land are:

France .....	\$10,000,000,000
Belgium .....	7,000,000,000
Italy .....	2,710,000,000
Serbia, Albania, Montenegro .....	2,000,000,000
Germany .....	1,750,000,000
British Empire .....	1,750,000,000
Poland .....	1,500,000,000
Russia .....	1,250,000,000
Roumania .....	1,000,000,000
East Prussia, Austria, Ukraine .....	1,000,000,000

## The CONTINENTAL and COMMERCIAL BANKS CHICAGO

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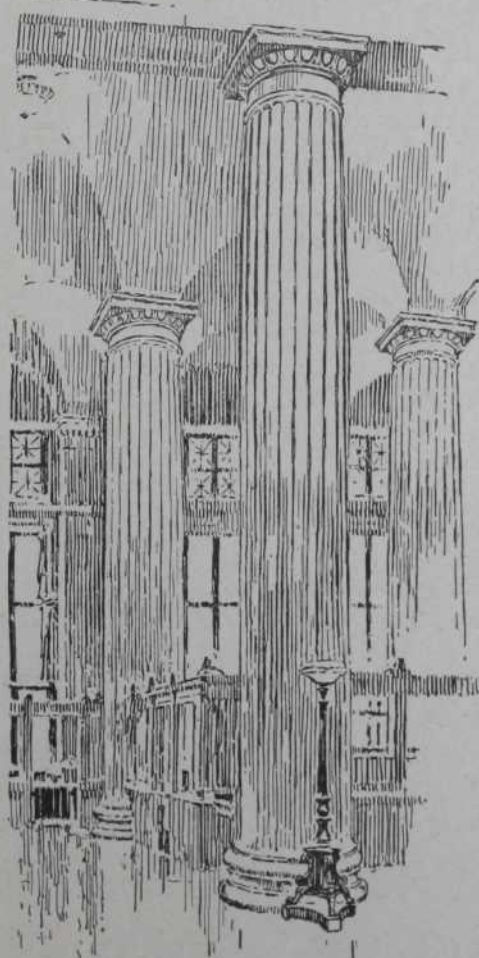
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*On the Lincoln Highway—truck thrown into the ditch by the breaking of a defective steering knuckle. Statistics show that 88.4 per cent. of all truck accidents are due to internal weaknesses.*

## How Much is American Business Taxed by Avoidable Breakdowns

**E.** H. HARRIMAN used to say that no man achieves anything worth while unless he takes all the responsibility and holds absolute control.

The Packard Company has always taken full responsibility for its trucks because it controls their building from the ground up.

Every part designed by Packard—controlled by Packard through foundry, forge, machining and finishing—a Packard engineering unit, tested by Packard every step of the way.

**P**ACKARD owns and operates the most extensive heat-treating and finishing plant

in the world—producing a steel that is stronger than the average by 35,000 to 62,000 pounds to the square inch.

The steel in the rear end of a Packard truck costs 22c a pound—as against 9c for the steel ordinarily used.

Each run of steel is tested to the final limit of strength. Each finished part to a 20 per cent. overload.

Packard engines are run on the block to an equivalent of 1000 miles road service. A Packard truck is ready to do a full day's work *when it is delivered.*

**T**HE business man runs his trucks for what they will *do*.

*Transportation* is his object—not having defective parts “made good” free of charge.

The Packard business is not a business of assembling parts made here and there. It is not a trade in repair parts.

It is a business of building trucks for the man who wants *transportation* every working hour of every working day.

And this is why the Packard Company keeps control every step of the way—clear back to the timber in the forest and the ore in the mine.

“Ask the Man  Who Owns One”

PACKARD MOTOR CAR COMPANY, *Detroit*



# Aladdin



## *The Ford Collieries Co. Housing Problem Solved by the Aladdin System*

The mines of the Ford Collieries Co. at Bairdsford are far removed from a community center. Naturally a housing problem existed. The owners presented their problem to The Aladdin Company for a QUICK solution. In less than four weeks after the order was placed, workmen began to occupy finished houses. The picture shows fifty Aladdin houses SIX WEEKS after the job was started. This is only one of many similar services rendered by us to meet the existing house shortage.

### *Housing Your Men Well and Quickly At Lowest Costs*

The Aladdin System of Construction saves 18% of the lumber wasted in ordinary building. Standardization and quantity production further reduce the building cost to you and you benefit by Aladdin's stupendous purchasing power. Aladdin houses are easily and quickly erected by unskilled labor.

Simple, complete instructions are furnished with each house.

### *The Aladdin System and Plan*

Aladdin houses are Read-cut. Every piece of joists, studs, rafters, sheathing, siding, flooring, interior finish is cut to proper size, marked and numbered ready to nail in place. Sufficient material to complete more than 1,000 houses is carried constantly in stock ready for instant shipment. Depending upon size of house, we load from one to three complete houses in each car.

Aladdin houses are manufactured and shipped direct from the Aladdin Company's own mills in Michigan, North Carolina, Oregon and Canada. Aladdin houses come to you in a straight line from the nearest timber region. Aladdin's Industrial Home-building Service means shorter routes,

quicker delivery and lower freight rates for builders in every part of the U. S. Three days to a week are saved in shipments reaching destination. Complete Sales and Business Offices are maintained in connection with each mill. Fully 24 hours' time is saved in your mail reaching our offices.

### *Single Houses or Complete Cities*

We will quote you a definite price on a single house or complete cities of 300, 500, 600, 1500 and 3000 population. These cities include homes, stores, churches, schools, offices, water and sewage systems, electric plants, street and house lights, heating plants, streets, parks, trees, lawns, etc. Cities are now listed in our book "Industrial Housing." Write, wire or phone for Book No. 1064.

# The Aladdin Co.

OFFICES and  
MILLS at:

Bay City, Michigan  
Wilmington, North Carolina  
Hattiesburg, Mississippi  
Portland, Oregon  
Toronto, Ontario, Canada



# Industrial Housing





## Announcing an Addition to the Autocar Line

This new heavy duty motor truck has behind it the prestige, the resources and the unusual service organization of The Autocar Company.

The short wheelbase design and double reduction gear drive, distinctive of all Autocar construction, are embodied in this heavier Autocar.

**THE AUTOCAR COMPANY, Ardmore, Pa.** Established 1897

**The Autocar Sales and Service Company**

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*Represented by these Factory Branches, with Dealers in other cities*

# Autocar